

CAUSE NO. C-1-PB-11-002018

STATE OF TEXAS,  
Plaintiff,

v.

TEXAS HIGHWAY PATROL MUSEUM,  
TEXAS HIGHWAY PATROL ASSOCIATION,  
THPA SERVICES, INC.,  
TIMOTHY TIERNEY, LANE DENTON,  
MARK LOCKRIDGE, STEVEN JENKINS,  
RUBEN VILLALVA, JR., TED RIOJAS,  
FRED RIOJAS, GREGG GREER, JAMES  
COLUNGA AND ROBERT BERNARD, JR.  
Defendants.

IN THE PROBATE COURT

NUMBER ONE OF

TRAVIS COUNTY, TEXAS

**PLAINTIFF'S SECONDAMENDED ORIGINAL PETITION AND APPLICATION  
FOR EX PARTE TEMPORARY RESTRAINING ORDER. TEMPORARY INJUNCTION  
AND PERMANENT INJUNCTION AND ASSET FREEZE AND REQUEST FOR  
APPOINTMENT OF TEMPORARY RECEIVER**

**TO THE HONORABLE JUDGE OF SAID COURT:**

NOW COMES Attorney General GREG ABBOTT, on behalf of the State of Texas ("State"), herein referred to as "Plaintiff," complaining of Defendants TEXAS HIGHWAY PATROL MUSEUM (THPM), TEXAS HIGHWAY PATROL ASSOCIATION (THPA), TPHA SERVICES, INC. (SERVICES), TIMOTHY TIERNEY, KENNETH LANE DENTON, MARK LOCKRIDGE, STEVEN JENKINS, RUBEN. VILLALVA, JR., TED RIOJAS, FRED RIOJAS, GREGG GREER JAMES COLUNGA, ROBERT BERNARD, JR. and files this his Second Amended Original Petition and Application for Ex Parte Temporary Restraining Order, Temporary and Permanent Injunction and Asset Freeze and Request for Appointment of Temporary Receiver, and, incorporating by reference all previously filed exhibits attached to Plaintiff's Original Petition in this case, in support hereof respectfully shows the Court the following:

**I. DISCOVERY CONTROL PLAN**

1. Discovery is intended to be conducted under a Level 2 discovery control plan, pursuant to



## **II. JURISDICTION**

2. This action has been brought by the Attorney General of Texas, GREG ABBOTT, in the name and on behalf of the interest in charity of the general public of the State of Texas to protect the public interest in the administration and accounting for funds that charitable entities solicit and receive from the residents of the State of Texas. This action is brought against the individual defendants for violations of their respective duties as set forth in this petition.
3. This action is also brought by the Attorney General through the Consumer Protection Division, in the name of the STATE OF TEXAS and in the public interest, under the authority granted by Section 17.47 of the Texas Deceptive Trade Practices Act, TEX. BUS. & COMM. CODE §§ 17.41 *et seq.* (hereafter "DTPA"), upon the grounds that Defendants have engaged in false, deceptive and misleading acts and practices in the course of trade and commerce as defined in, and declared unlawful by Sections 17.46(a) and 17.46(b) of the DTPA. The DTPA permits the Texas Attorney General to bring an action to restrain, by Temporary and Permanent Injunction, the use of any method, act, or practice declared to be unlawful by Section 17.46 of the DTPA, where such proceedings are in the public interest.
4. This action is also brought under the Texas Law Enforcement Telephone Solicitation Act (hereinafter "LETSA"), Chapter 303 of the Texas Business and Commerce Code.
5. This action is also brought under the common law authority of the Attorney General to enforce and protect public charitable trusts. It is the Attorney General's belief that defendants, in their individual and corporate capacities, have acted with neglect in their responsibilities, have breached their duties in acts and omissions, have engaged in acts and omissions that have lead to fraud and misrepresentations; have violated a constructive charitable trust; have potentially engaged

in a civil conspiracy to defraud; and otherwise have breached the common law duties owed by trustees, officers, directors and employees of charitable organizations to 1.) the charitable organization for whose benefit they serve and on whose behalf they solicited and accepted charitable funds; 2.) to the families of the slain DPS troopers for whom such funds were intended to be used; 3.) to the citizens of the State of Texas whose financial donations have provided the source of the funding for these entities and individuals.

6. This claim is also asserted, derivatively, and on behalf of the public's interest in the Texas Highway Patrol Museum, independently, without solicitation, assistance or participation of the Texas Highway Patrol Museum. This claim is to recover damages from the directors of the Texas Highway Patrol Museum, for breach of the directors' common law and statutory duties to the Texas Highway Patrol Museum. As a result of such breach, the THPM has lost valuable public charitable contributions intended for the benevolent use of the families of Texas Highway Patrol Officers slain in the line of duty while serving the public of the State of Texas. As further elaborated in this pleading, due to the neglect of the directors, such charitable funds were utilized by the officers and employees of THPM for personal or wrongful purposes.

### **III. DEFENDANTS**

7. Defendant TEXAS HIGHWAY PATROL MUSEUM (THPM) is a Texas Nonprofit charitable organization under Section 501(c)(3) of the Internal Revenue Code, which does business at 812 S. Alamo St., San Antonio, Texas 78205 and throughout the state of Texas as alleged herein, and has been served with process by serving its Executive Vice President and registered agent, Timothy Tierney at its headquarters at 501 Oakland Avenue, Austin, Texas 78703 and has filed an answer and is represented by counsel.

8. Defendant TEXAS HIGHWAY PATROL ASSOCIATION (THPA) is a Texas Nonprofit

organization under Section 501(c)(6) of the Internal Revenue Code, which does business throughout the state of Texas including Travis County as alleged herein, has been served with process by serving its Executive Vice President and registered agent at its headquarters at 501 Oakland Avenue, Austin, Texas 78703, has filed an answer and is represented by counsel.

9. Defendant THPA SERVICES, INC. is a for-profit organization registered in Washington, D.C. which does business throughout the state of Texas including Travis County as alleged herein, and has been served with process by serving its Executive Vice President and registered agent, Timothy Tierney at its headquarters at 501 Oakland Avenue, Austin, Texas 78703, has filed an answer and is represented by counsel.

10. Defendant TIMOTHY TIERNEY is the Executive Vice-President of the Texas Highway Patrol entities and has been served with process at THPM at 501 Oakland Avenue, Austin, Texas 78703 or his residence at 1004 Elm Street, Austin, Texas 78703, has filed an answer and is represented by counsel.

11. Defendant KENNETH LANE DENTON is the Director of Texas Highway Patrol Services, Inc. and was served with process at his residence at 1219 N. Flores, San Antonio, Texas 78212, has filed an answer and is represented by counsel.

12. Defendant MARK LOCKRIDGE is the President of the Texas Highway Patrol Museum and a board member of the Texas Highway Patrol Association and was served with process at his residence at 209 Chisolm Trail, Waxahachie, Texas 75165 and is represented by counsel.

13. Defendant GREGG GREER is the President of the Texas Highway Patrol Association and is a board member of the Texas Highway Patrol Museum and was served with process at his residence located at 2719 Buchanan Rd, Halsville, Texas 75650 has filed an answer and is represented by counsel.

14. Defendant STEVEN JENKINS oversees the Texas Highway Patrol Services, Inc. magazine advertisement sales and was served with process at his place of business located at 111 W. Anderson Lane, Suite E328, Austin Texas 78752 has filed an answer and is represented by counsel.
15. Defendant RUBEN VILLALVA, JR. is the Director of Marketing for the Texas Highway Patrol Museum and was served with process at either his place of business located at 2150 Trawood, Suite A-240, El Paso, Texas or his residence located at 11743 Gwen Evans El Paso, Texas 79936-0723, has filed an answer and is represented by counsel.
16. Defendant TED RIOJAS is a board member of both the Texas Highway Patrol Museum and the Texas Highway Patrol Association and was served at his residence at 1325 Twin Cove, Kyle, Texas 78640, has filed an answer and is represented by counsel.
17. Defendant FRED RIOJAS is a board member of both the Texas Highway Patrol Museum and the Texas Highway Patrol Association and was served at his residence at 101 Wright Landing, Cibolo, Texas 78108, has filed an answer and is represented by counsel.
18. Defendant JAMES COLUNGA is a board member of both the Texas Highway Patrol Museum and the Texas Highway Patrol Association and was served at his residence at 3918 E. Highway 34, Ennis, Texas 75119, has filed an answer and is represented by counsel.
19. Defendant ROBERT BERNARD, JR. is a board member of both the Texas Highway Patrol Museum and the Texas Highway Patrol Association and was served at his residence at 18 Grant Circle, Richardson, Texas 75081, has filed an answer and is represented by counsel.

#### IV. VENUE

20. Venue of this suit lies in Travis County, Texas for the following reasons:
- a. Under Section 123.005(a) of the Property Code, venue is proper in Travis County as this case involves breaches of fiduciary duties; and

- b. Under Section 17.47 of the DTPA, venue is proper because Defendants' principal place of business is at 501 Oakland Avenue in Travis County, Austin, Texas.

#### **V. PUBLIC INTEREST**

21. Plaintiff, State of Texas, has reason to believe that Defendants are engaging in, have engaged in, or are about to engage in, the neglectful and wrongful acts or practices set forth below, that Defendants have, by means of these neglectful and wrongful acts and practices, caused damage to and/or acquired money or property from persons, and that Defendants adversely affected the unlawful conduct of trade and commerce, thereby directly or indirectly. The Attorney General further has reason to believe that Defendants have caused and will continue to cause injury, loss and damage to the State of Texas and its charitable donors through their acts, errors, omissions, misstatements, misleading statements, neglect and breach of duties.

#### **VI. TRADE AND COMMERCE**

22. Defendants have, at all times described below, engaged in conduct constituting "trade" and "commerce," as those terms are defined in section 17.45(6) of the DTPA.

#### **VII. ACTS OF AGENTS**

23. Whenever in this petition it is alleged that a Defendant did any act, it is meant that the Defendants performed or participated in the act, or Defendants' officers, agents, trustees or employees performed or participated in the act on behalf of and under the authority of the Defendants.

#### **VIII. NOTICE BEFORE SUIT NOT GIVEN**

24. Pursuant to § 17.47(a) of the Deceptive Trade Practices Act, contact was not made with the Defendants to inform them of the unlawful conduct alleged in this case, for the reason that the Plaintiff is of the opinion that good cause to believe that such an emergency existed that immediate

and irreparable injury, loss or damage would occur as a result of such delay in obtaining a temporary restraining order, and that Defendants would evade service of process and flee the jurisdiction, destroy relevant records and secret assets if prior notice of this suit were given. However, Defendants were contacted prior to suit and informed generally of the alleged wrongful conduct as Defendants were issued Civil Investigative Demands and Requests to Examine documents and have been involved in providing sworn statements.

#### **IX. SPECIFIC FACTUAL ALLEGATIONS**

##### **Texas Highway Patrol Association**

25. Defendant Lane Denton filed Articles of Incorporation with the Texas Secretary of State on behalf of Defendant Texas Highway Patrol Association on June 19, 1990. The purpose of the designated 501(c)(3) corporation was to "improve educational and professional endeavors for highway patrol officers of the Texas Department of Public Safety and to conduct public awareness programs promoting safety activities."

26. According to their Articles of Amendment filed with the Secretary of the State of Texas, the purpose of The Texas Highway Patrol Association is "to promote the interests of labor, and its principal purpose shall be to better the working conditions of people engaged in common pursuit, which is the worked performed by the highway patrol officers of the Texas Department of Public Safety." Although the designation of THPA remains 501(c)(3) on its forms filed with the Texas Secretary of State, THPA files as a 501(c)(6) status with the IRS.

##### **Texas Highway Patrol Museum**

27. On July 8, 1992, Defendant Lane Denton filed Articles of Incorporation for the Texas Highway Patrol Association Hall of Fame and Museum. The purpose of this 501(c)(3) charity was to "operate a museum dedicated to the Texas highway patrol and to promote a higher level of public

awareness and understanding about the Texas highway patrol.”

28. Under the Articles of Amendment, the purpose of the Texas Highway Patrol Museum is “exclusively for charitable, religious, educational or scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt under Section 501 (c)(3) of the U.S. Internal Revenue Code.

29. Although The Texas Highway Patrol entities are three separate and complete entities, the public’s perception with regard to the Association and the Museum is that they are one entity, thereby confusing all consumers who receive solicitation phone calls and who donate to the charity.

30. Defendants THPA and THPM provide literature to the public that indicates that both organizations are charitable organizations. (*See Exhibit 1, attached to Plaintiff’s Original Petition and incorporated herein*). There is no distinction to the public that only one is a public charity and the other is not. Charitable donations are to be made to the Museum. However, those employees who are hired to make calls to solicit donations are trained to tell the public that the callers are soliciting on behalf of the Association, which is a 501(c)(6) organization. (*See Exhibit 2, attached to Plaintiff’s Original Petition and incorporated herein*).

**THPA Services, Inc.**

31. On May 26, 1994, Defendant Lane Denton filed incorporation paperwork for Defendant THPA Services, Inc. The purpose of this corporation purports to “provide membership and other services to police membership associations and other private law enforcement organizations.” For many years Services, Inc. has published a “Texas Highway Patrol Magazine” and is a for profit corporation, but provides no other services.

**Benefits Advertised are Misleading**

32. Literature written by Defendant Ruben Villalva, Jr. and approved by Defendant Timothy



Tierney, claims that the entities provide "trooper benefits," which consist of a death benefit fund, a funeral benefit and dental insurance. One "trooper benefit" is a monetary benefit of \$10,000 to the survivors of any trooper who is killed in the line of duty. The literature provided to consumers alleges to provide this benefit to survivors of the slain trooper regardless of whether the trooper was a paid member of the Association. Another "trooper benefit" is a funeral benefit through Dignity Memorial, which is provided only to members of the THPA. This benefit is "funeral protection certificate valued at \$2,500" to be given to the children and grandchildren of the fallen officer. When asked about this benefit, Defendant Tim Tierney replied that THPA does not pay anything and that "it's just a letter sent out and it's all run through Dignity Memorial." If members want to choose to take advantage of this benefit, the trooper must contact Dignity Memorial directly (*See Exhibit 3, attached to Plaintiff's Original Petition and incorporated herein*). The last trooper benefit is dental insurance for the troopers and families. To utilize this benefit, the trooper must be a paid member of the THPA. THPA also pays for the same dental insurance for its employees, including several of the individual defendants.

33. Defendants also provide "educational benefits" which consist of the Captain Ed Pringle Scholarship Fund. Defendants also claim to have developed an award winning "Crusin' to Coffins" program, which is designed to educate students about the dangers of drinking and driving. However, Defendants did not create this program. Cruisin' to Coffins was a project of a boy scout, who prepared it as one of the requirements of obtaining his Eagle Scout status. Defendants' educational programs consist of sending out letters to inquire which school would be interested in receiving a copy of the Cruisin' to Coffins DVD. However, the only schools that Defendants have sent letters to are within the city of San Antonio. Defendants allege that they are "continuously planning and designing new programs for area youth." After a thorough review of the records of the

related entities, no such programs have been found. At his sworn statement, Executive Vice-President Tim Tierney was unable to articulate any new programs for area youth. In fact, the educational programs that are being "continuously" planned have remained the same programs that began 20 years ago and are not provided statewide. Defendants allegedly provide "additional benefits" and "much, much more." After a review of their records for proof of providing additional benefits, no such additional benefits were found.

**Entities are Misleading to the Consumers of Texas**

34. Defendants Texas Highway Patrol Association and Texas Highway Patrol Museum operate businesses which include in their name "Texas Highway Patrol" in violation of Gov't. Code § 411.017. This causes confusion for the consumers as to the affiliation of the Defendants with the Texas Department of Public Safety Highway Patrol Division. Defendants are misleading consumers, whether by neglect or intentionally, by allowing or providing the perception that they are affiliated with the Texas Department of Public Safety. Consumers have complained that when they receive phone calls, the caller ID misleads the consumer to believe it is a call from the actual Highway Patrol Division of the Texas Department of Public Safety. *(See Exhibit 4, attached to Plaintiff's Original Petition and incorporated herein).*

35. Defendants also use decals in connection with their entities which are deceptively similar to the badge used by the Highway Patrol Division of the Texas Department of Public Safety. *(See Exhibit 5, attached to Plaintiff's Original Petition and incorporated herein).* No approval to use such decals from the Texas Department of Public Safety has been obtained by Defendants as required under the law.

36. Defendants falsely misrepresent that 100% of the money solicited as donations will all be paid to the families of slain law enforcement officers. *(See Exhibit 6, attached to Plaintiff's*

*Original Petition and incorporated herein).*

37. Defendants falsely misrepresent that they are associated with a legitimate law enforcement agency, when in fact, there is no such association or connection with any law enforcement agency. *(See Exhibit 7, attached to Plaintiff's Original Petition and incorporated herein).*

38. Defendant THPA represents in its instructions used by its telephone solicitors that donations to THPA are tax deductible, when, in fact they are not, as THPA is a 501(c)(6) organization. *(See Exhibit 8, attached to Plaintiff's Original Petition and incorporated herein).* Further confusion results in the fact that even though it is the Museum that distributes the funds to the slain troopers, the telemarketers for the Museum are given a set of Frequently Asked Questions that they are to follow if questions are asked by the consumers who they are soliciting. *(See Exhibit 9, attached to Plaintiff's Original Petition and incorporated herein).* The questions clearly state that telemarketers are to respond to consumers as if the Association is the organization which is doing the soliciting, which only further misleads and confuses members of the public because it is the Museum that distributes the funds to the families of the slain troopers. Furthermore, because the Association is soliciting donations, they are required to register with the OAG under LETSA. They have not registered and are in violation of the statute. Tierney acknowledged that the Association is in violation of the statute. *(See Exhibit 10, attached to Plaintiff's Original Petition and incorporated herein).*

39. The Museum is the entity that provides the death benefit. Therefore, because the Museum is a 501(c)(3) organization, donations made to the Museum are tax deductible. However, consumers are able to designate their donations to provide dental insurance for troopers, which is a program of the Association. The Association is a 501(c)(6) entity and, therefore, donations designated for the dental insurance are not tax deductible. However, this information is not relayed to the consumer.

Such practice causes further confusion to those who donate their money to the dental program.

**Policies and Procedures of the Board are Not Followed**

40. The OAG has requested that all three of the Texas Highway Patrol entities furnish copies of their policy manuals. (See Exhibit 11, *attached to Plaintiff's Original Petition and incorporated herein*). The OAG was provided a copy of only one policy manual of the Texas Highway Patrol Museum. A letter from the organization's counsel dated April 23, 2009, provided in response to the OAG's Request to Examine documents, informs Tim Tierney that the policy manual was required for all public charities by the IRS by the end of 2008. (See Exhibit 12, *attached to Plaintiff's Original Petition and incorporated herein*). In that same letter, counsel instructs Tierney to backdate the board meeting minutes for the November 2008 board meeting to reflect adoption of such manual. (See Exhibit 13, *attached to Plaintiff's Original Petition and incorporated herein*). However, even though requested by the OAG, Timothy Tierney was unable to provide any proof that any of the board members ever signed anything indicating that each had read and would comply with the code of conduct as stated in the Museum's policy manual. All boards members claim that the policy manual was never presented to them for signature or approval.

41. Even if these policies had been developed, approved and signed by all board members, the Defendants are in violation of the policies and Tim Tierney has admitted such. (See Exhibit 14, *attached to Plaintiff's Original Petition and incorporated herein*). This is especially true with regard to the Museum's credit card usage policy. When asked about the credit card policy, Tierney's first reply was that they did not have one. (See Exhibit 15, *attached to Plaintiff's Original Petition and incorporated herein*). When he was shown the policy in his sworn statement and asked questions about it, he responded that it was not complied with. The policy requires disciplinary action, including termination for personal use of credit cards. The policy also states that when the card is

used to pay for meals, the staff must indicate on the receipt who was in attendance at the meal and the purpose of the meal. (See Exhibit 16, *attached to Plaintiff's Original Petition and incorporated herein*). Tierney has admitted that he never requests receipts from the company cardholders and that he "just takes their word for it" that all expenses are related to the business. (See Exhibit 17, *attached to Plaintiff's Original Petition and incorporated herein*). There is no independent review of the business expenses of any of the organizations. Tierney also admits that he never presented the credit card statements to the Board for their review.

**Donor's Intent is Not Carried Out**

42. When sending in a donation, the consumer is able to include additional funds by "checking the box" on an invoice form to indicate the charitable program they want their money to be distributed. (See Exhibit 18, *attached to Plaintiff's Original Petition and incorporated herein*). However, the Defendants are not fulfilling the donor's intent. In fact, Goldie van Gulden, an employee for almost 20 years, stated that when someone sends in an amount and checks three or more boxes, they are unable to allocate it that way and will try to guess where the donor intended the money to go. (See Exhibit 19, *attached to Plaintiff's Original Petition and incorporated herein*).

43. The Museum receives both cash and check donations on a daily basis and the donations can reach as much as \$10,000.00 a day. However, the policies for handling cash and checks differ. When cash is received in the mail, the cash is counted by the office staff and then taken to upstairs to Tierney's office where it sits for a week or two and then it is deposited into the bank. (See Exhibit 20, *attached to Plaintiff's Original Petition and incorporated herein*). If one of the office staff needs cash for their own personal use, Tierney allows the employee to take the cash, but the employee will write a check for the money and deposit it into the account of the charity. (See Exhibit

21, *attached to Plaintiff's Original Petition and incorporated herein*). Tim Tierney also stated that the office uses the cash donations to pay for birthday luncheons of the staff. (See Exhibit 22, *attached to Plaintiff's Original Petition and incorporated herein*). These cash donations are not kept in a locked secure box, but are kept in an unlocked filing cabinet. The office does not have video surveillance cameras and there are no checks and balances to insure the accountability of the funds. The lack of accountability of donations reflects poor oversight by the board of directors and management of the organizations, resulting in acts, errors, and omissions that reflect neglect of the charity, THPM, and a complete breach of duties by the Defendants.

#### **Tax Documents of the Entities**

##### **THPA**

44. The OAG has examined the Form 990s of the corporate defendants. For 2009, THPA reported \$17,393 in total expenses, but they failed to designate what expenses were program related. The tax return reflects that a \$10,000 death benefit was issued to Michaela Burns, widow of Trooper James Scott Burns who was killed in the line of duty in 2008. (See Exhibit 23, *attached to Plaintiff's Original Petition and incorporated herein*). However, it is the Museum, as advertised to the public, which provides the death benefit. By THPA, a 501(c)(6) entity, paying the death benefit as opposed to THPM, the designated 501(c)(3), paying the death benefit only confuses and misleads the public and demonstrates that the entities are engaged in commingling their assets.
45. In years 2007, 2008 and 2009, THPA Services, Inc. owed the Association over \$600,000.00. As evidenced in the tax returns of the Association, the loan balance has remained the same. Defendant Tierney was unable to articulate in his statement the specifics of the loan, including purpose of the loan, whether formal documentation existed on the loan or whether the Board was aware of the loan. Failure of the Defendants to properly account for these loans constitute a breach

of their duties to the public interest in charity in Texas.

**THPM**

46. The Museum's revenue is primarily comprised of charitable donations from the public. In 2009, the Museum received contributions of \$2,137,515.

**Spending Habits of the Entities**

47. To make purchases for their expenses, it appears that all of the Defendants, except the members of the Boards, used credit cards in the name of "Texas Highway Patrol" including American Express, Citibank and Bank of America cards. The OAG has analyzed several credit card statements of American Express and Citibank. The OAG analyzed the American Express account for "The Kitchen Door, Inc.". Tierney informed the OAG that he helped his friends, who were the owners of The Kitchen Door, Inc., to obtain a credit card. Once his friends ceased using the credit card, Tierney continued to use the credit card for the THP entities because "American Express changed the way they do their credit lines...the credit line was too low on the Texas Highway Patrol Association account, so I used the other card. But all the charges that are on there are for business expenses related to our organizations." (See Exhibit 24, attached to Plaintiff's Original Petition and incorporated herein by reference). For a one year time period (July 2009-July 2010), the entities charged \$239,276.71 on this one credit card alone. Some of the charges included tickets to Sea World, airfare to Massachusetts, movie theater tickets and charges to a video game rental website. (See Exhibit 25, attached to Plaintiff's Original Petition and incorporated herein). Utilizing the funds of a public charity in this manner is at the very least negligent mismanagement by the Board of Directors, named as Defendants herein, is a gross misuse of the funds by Defendant Tierney and does nothing to further the purpose of the mission.

48. An analysis of the Citibank card revealed similar findings. For the time period September

2009 to June 2011, charges totalled \$169,875.50. (See Exhibit 26, attached to Plaintiff's Original Petition and incorporated herein). This card was held in the name of "Texas Highway Patrol" and issued to Tierney, Denton, Villalva and Jenkins. Some of the charges included tickets to Salt Lake City, Utah, tickets to Six Flags Fiesta Texas, plane ticket to Germany, hotel charges from Napa Valley, California and visits to the Alamo Drafthouse Cinema. Again, failure of the Defendants to question expenses of the organizations, review credit card statements, and maintain accountability for expenditures amounted to errors and omissions that at the very least were neglect mismanagement of the THPM and related entities, resulting in breach of the duties of the Defendants to be accountable to the people of the State of Texas over charitable funds.

**Lane Denton**

49. Defendant Lane Denton is the Director of THP Services, Inc. and allegedly volunteers at the museum. Denton was formerly the Executive Director with the Texas Department of Public Safety Officer's Association [DPSOA], an organization whose mission is to improve the general welfare of the Department of Public Safety Personnel. While serving as Executive Director with DPSOA, Denton was indicted for stealing and misappropriating monies which belonged to DPSOA (See Exhibit 27, attached to Plaintiff's Original Petition and incorporated herein).

50. In addition to stealing and misappropriating funds that did not belong to him, Denton deliberately violated the policies and procedures of the Board of DPSOA in failing to submit contracts for the Board's approval and failing to obtain two signatures on checks written by Denton on behalf of the DPSOA. In January 1990, DPSOA terminated Denton's employment. In fact, while Denton was under indictment and being tried for the acts he committed while serving as Executive Director with DPSOA, Denton was actively starting the similar Texas Highway Patrol entities as evidenced in the Articles of Incorporation filed with the Secretary of State. (See Exhibit



28, attached to Plaintiff's Original Petition and incorporated by reference herein).

51. Denton and the other individual Defendants have consistently violated the board policies of the corporate Defendants. Denton uses credit cards in the name of the Texas Highway Patrol for his own personal benefit and gain. (See Exhibit 29, attached to Plaintiff's Original Petition and incorporated by reference herein). However, there are suspicious charges that do not appear to be related to any business of any of the entities. Some charges include Starbucks, car washes, child care services, grocery stores, restaurants, fitness centers, numerous book stores, meat markets, a thrift store and dental bills. (See Exhibit 30, attached to Plaintiff's Original Petition and incorporated by reference herein). Even if these were claimed to be business related expenses, no receipts have been provided to demonstrate the business related reason that such charges were made.

52. Denton has also borrowed in excess of \$6,000.00 from the Association. However, no paperwork has been completed on any loan and there is no evidence that the Board of the Association approved any loan. (See Exhibit 31, attached to Plaintiff's Original Petition and incorporated by reference herein).

**Tim Tierney**

53. Defendant Tim Tierney is the Executive Director of all three entities and has been so since the early 1990's. Tierney acknowledges that he is the one individual that all employees report to. According to him, Tierney's duties consist of paying the bills and overseeing the operations of all three entities. Tierney uses credit cards in the name of the THP for his own personal benefit and does not reimburse any of the corporate Defendants. Tim Tierney acknowledges that he is the one person employed by the entities who pays the bills and is the only one with the authority to sign checks on behalf of the entities. Tierney acknowledges that he does not keep track of his own receipts and he never requires any of the employees to submit receipts to him to demonstrate that all

charges are, in fact, legitimate business expenses. Tim Tierney has grossly misused the charity's money and is under the perception that as long as any expense incurred by him or anyone else within the organization is coded internally as a "business expense," then it is, in fact a legitimate business expense. (See Exhibit 32, *attached to Plaintiff's Original Petition and incorporated by reference herein*). Evidence presented to the Office of the Attorney General by Tierney demonstrates that Tierney did not present to the board members of the entities information reflecting the key decisions Tierney and other employees were making when acting on behalf of the entities. Tierney never provided the board members documents reflecting the daily business of the charity because Tierney never presented anything to the board members to review.

54. Tim Tierney keeps an "office cat" at the Oakland Avenue location in Austin and freely admits that he pays for the expenses of the cat, including exorbitant vet bills, with money donated by the public for the purpose of helping slain troopers' families. (See Exhibit 33, *attached to Plaintiff's Original Petition and incorporated by reference herein*). Tierney states that it is important to keep his employees happy and that is how he justifies having the office cat as a reasonable and prudent business expense. (See Exhibit 34, *attached to Plaintiff's Original Petition and incorporated by reference herein*).

55. Additionally, Tierney takes numerous trips across the country and alleges such trips are business trips. Yet, on these trips he takes his son, former life partner and others without approval from the Board. Furthermore, Tierney never reimburses the charity for the expenses that he claims are business related when they are clearly personal in nature. For example, on one of these trips, Tierney flew to San Diego and purchased tickets to Sea World for himself, his life partner, Bill Billingsley, and his son, David. The THPM paid for all three individuals to fly to San Diego and for the tickets to Sea World. However, Billingsley was in no way affiliated with any of the entities

and his son is 11 years old. Yet, Tierney states that he would “bounce ideas from different people” as his justification of this trip being a business expense. (See Exhibit 35, *attached to Plaintiff's Original Petition and incorporated by reference herein*). Tierney admitted that the trips that he took were never presented to the Board for their approval.

56. Tierney also incurred several credit card charges to Gold Class Cinemas in Austin. When asked about charges to a movie theater paid for by money donated to benefit law enforcement families, Tierney was unable to articulate exactly what business was discussed or with whom it was discussed. Yet, he was able to state that this “meal and entertainment” expense was reasonable and prudent. (See Exhibit 36, *attached to Plaintiff's Original Petition and incorporated by reference herein*). However, he did say that it could have been his insurance agent discussing the policy renewal. When asked why this would not have just been discussed over the phone, Tierney replied, “I don't know.” (See Exhibit 37 *attached to Plaintiff's Original Petition and incorporated by reference herein*). When asked if he could provide records of the individuals who were present at those meetings, he stated that he did not keep such records. (See Exhibit 38, *attached to Plaintiff's Original Petition and incorporated by reference herein*). Tierney further stated that it could be a prudent business practice to keep records of all business meetings and appointments, but “since it's just me, I don't keep those.” *Id.* Tierney has also admitted that the Board was not aware of the credit card expenses that were being incurred by the charity.

57. When questioned about a trip to Hawaii that appeared on the charity credit card, Tierney stated it was a trip for his exchange student. (See Exhibit 39, *attached to Plaintiff's Original Petition and incorporated by reference herein*). He also stated that it should be on his personal credit card and he did not recall if he reimbursed the charity for that personal expense. Even though it was requested of the entities, Tierney failed to provide the OAG proof of any reimbursements for

personal expenses paid for by the entities.

58. The OAG also inquired about a trip to San Jose, California, where Tierney is from, taken by Tierney, his life partner and their son. Tierney stated the trip could have been related to the Museum or the magazine, but he did not "really recall." The trip was business related according to Tierney because he was visiting his uncle and discussing business with his uncle regarding expansion of the museum. Tierney's uncle is a retired vice president of purchasing of a hardware store. Tierney stated his uncle had "good business sense." He was unable to articulate why his partner and son were with him on the trip, but was able to say it was a reasonable and prudent business expense. However, the Board was not made aware of this trip nor were they ever made aware that Tierney "consulted" with his uncle. (See Exhibit 40, *attached to Plaintiff's Original Petition and incorporated by reference herein*).

**Ruben Villalva, Jr.**

59. Defendant Ruben Villalva serves as the Director of Marketing, in the El Paso office. His duties includes supervising all the telemarketers who make calls to the public requesting for donations to the Museum. Villalva also has use of a corporate credit card and does not provide receipts for his purchases. (See Exhibit 41, *attached to Plaintiff's Original Petition and incorporated by reference herein*). Charges incurred by Villalva included charges for XM Satellite radio, cigars, Costco Liquor, the Ultra Wet Lounge in El Paso, and various restaurants.

**Steven Jenkins**

60. Defendant Steven Jenkins, is the Marketing Manager for Services, Inc. and reports to Lane Denton. Steven Jenkins also has authority to use the company credit card. Jenkins has also made charges to various restaurants and grocery stores, among other purchases, without any reimbursement to the charity Defendant.

## **Board Members**

### **Mark Lockridge**

61. Defendant Mark Lockridge is the President of the Board of Directors for the Texas Highway Patrol Museum and also serves on the Board of the Association. Tim Tierney acknowledged that Lockridge is president in "name only." Lockridge attends board meetings with his family, is reimbursed by the THPM for all expenses of himself and family while attending board meetings. Lockridge has never requested to see any records, financial or otherwise of any of the organizations. (See Exhibit 42, attached to Plaintiff's Original Petition and incorporated by reference herein). As President of the Museum, Lockridge has, by his acts, errors, and omissions, neglected his responsibilities to the Defendant charity, THPM, resulting in breaching the duties he owes to the charitable donors of the State of Texas to oversee that the Museum acts reasonably and prudently to carry out the stated purpose of the Museum. According to Tierney, Lockridge has never seen the spending reports of the Museum, has never reviewed the compensation packages of the Museum nor has Lockridge made inquiries into how the Executive Vice President is paid nor does he evaluate the management of the organizations. Lockridge is the President in "name only." He does nothing to oversee the operations of the organization. (See Exhibit 43, attached to Plaintiff's Original Petition and incorporated by reference herein). However, Lockridge benefits from the Museum in that when he travels to San Antonio or Washington, D.C. for the board meetings, all his expenses, including the expenses of his family members, are paid for by the Museum.

### **Gregg Greer**

62. Defendant Gregg Greer is President of the Board of Directors for the Texas Highway Patrol Association and also serves on the Board of the Museum. Tierney stated that, like Lockridge, Greer serves in name only. Greer, like Lockridge, has also, by his acts, errors, and omissions, neglected

his responsibilities to the Defendant charity, THPM, resulting in breaching the duties he owes as President of the Board of the Association and as a board member of the Museum. Greer does nothing to oversee the operations of the entities. However, also like Lockridge, Greer receives all expenses paid to attend board meetings for himself and his family.

**James Colunga**

63. Defendant James Colunga serves on the boards of both the Association and Museum. Colunga has also breached the duties he owed to the charitable donors of the State of Texas for the same reasons as listed above for Lockridge and Greer. Colunga also receives all expenses paid by the organizations for himself and his family when attending the board meetings.

**Robert Bernard, Jr.**

64. Defendant Robert Bernard serves on the boards of both the Association and Museum. Bernard has also breached the duties he owed to the charitable donors of the State of Texas for the same reasons as listed above for Lockridge, Greer and Colunga. Bernard also receives all expenses paid by the organizations for himself and his family when attending the board meetings.

**Fred Riojas**

65. Defendant Fred Riojas serves on the boards of both the Association and Museum. Riojas has also breached the duties he owed to the charitable donors of the State of Texas for the same reasons as listed above for Lockridge and Greer. Riojas also receives all expenses paid by the organizations for himself and his family when attending the board meetings.

**Ted Riojas**

66. Defendant Ted Riojas serves on the boards of both the Association and Museum. Riojas has also breached the duties he owed to the charitable donors of the State of Texas for the same reasons as listed above for Lockridge and Greer. Riojas also receives all expenses paid by the organizations

for himself and his family when attending the board meetings.

67. All of the above named defendants have participated in soliciting and accepting donations from the general public representing that such funds would be used for the charitable purposes of the Museum or for such charitable purposes designated by the donor. It is believed that all Defendants have diverted a substantial amount of charitable funds and donations to purposes unrelated to the charitable mission of the Texas Highway Patrol Museum. Defendants have also used the charities' assets for their own personal benefit and for the benefit of their families and friends, including but not limited to, numerous credit card charges for personal purchases.

#### **BOARD MEETINGS OF THPM**

68. Although the Texas Highway Patrol Museum is required to have board meetings twice a year, these board meetings are not conducted in a manner that the board obtains an accurate picture of the operations of the charity. A review of the Board "minutes" demonstrates how much information was withheld from the board members. (See Exhibit 61, *attached to Plaintiff's Second Amended Petition and incorporated herein*). The OAG requested board minutes from all three corporate Defendants since their inception, but was provided copies as attached to this pleading. Some of the "minutes" are labeled "Agenda." The Board "minutes" were taken and prepared by Timothy Tierney and lack proper memorialized recordings of what actually occurred at the meetings. The minutes never documented whether a quorum was present. The minutes also failed to indicate an accurate description of any board action taken. The board "minutes" fail to indicate the date, time and location of the meeting or whether the meeting was a special or regular meeting. There were no board actions, such as approvals, attached to any of the minutes. Although the OAG issued a Civil Investigated Demand and a Request to Examine Documents to THPM via Timothy Tierney, executive vice-president of the THPM, it is obvious from the "minutes" that neither Tierney, nor

Kim Brown, attorney for the Museum, who frequently appeared at the meetings and “advised” the Board, ever communicated the OAG’s request to the Board. On February 22, 2012, the Boards of the corporate entities held a special meeting and discussed the conduct of the key employees of the entities and made decisions regarding the operations of the entities. From the minutes of the meetings, it appears that the Board was unaware of the activities the key employees of the entities as addressed in this lawsuit. (See Exhibit 62, *attached to Plaintiff’s Second Amended Petition and incorporated herein*).

**Deceptive Solicitations and Continued Breaches of Fiduciary Duties**

69. Defendant Tierney instructs employees to mail invoices to individuals for contributions which were never authorized by said individuals and then make aggressive attempts to collect these amounts. (See Exhibit 44, *attached to Plaintiff’s Original Petition and incorporated by reference herein*).

70. While soliciting donations over the phone, Defendants falsely represent to individuals that the person making calls to solicit donations for their “charitable purpose” is a highway patrol officer requesting money to help support local fallen officers. (See Exhibit 45, *attached to Plaintiff’s Original Petition and incorporated by reference herein*). Defendants also tell callers that having a THPA decal on their vehicle would be very helpful if stopped by law enforcement in the future. (See Exhibit *attached to Plaintiff’s Original Petition and incorporated by reference herein*). These misstatements and misleading statements are wrongful acts that reflect a breach of duties by the Defendants to the public’s interest in charity in the State of Texas.

71. Due to the extreme deceptive nature of the calls, [Caller ID reading “Texas Highway Patrol” and the THPA callers identifying themselves as actual state troopers] Texans are lead to believe that family members or loved ones have been in an accident. (See Exhibit 46, *attached to Plaintiff’s*



*Original Petition and incorporated by reference herein).*

72. Christy Myrick Mattingly, whose husband Trooper Matthew Myrick was killed in the line of duty on January 20, 2006 never received the \$10,000 benefit that the Texas Highway Patrol Museum alleges to distribute upon the death of a trooper in the line of duty. After a review of her bank records, the only monetary assistance received by the Myrick family was a \$700 check from THPA Services, Inc., which is not the entity charged with distributing the death benefit. In his RTE responses, Tierney listed Ms. Mattingly as one of the spouses that was paid the \$10,000 death benefit. (See Exhibit 47, *attached to Plaintiff's Original Petition and incorporated by reference herein*). Yet, on December 9, 2011, almost six years after her husband passed away, Ms. Mattingly received a phone call from Tim Tierney. Tierney told Ms. Mattingly that the organizations were being audited and as a result, he discovered she had not been paid the \$10,000 benefit. (See Exhibit 48, *attached to Plaintiff's Original Petition and incorporated by reference herein*).

73. Defendants falsely represent to individuals that any contribution made would be used to benefit law enforcement. Defendants have used the names of specific troopers who have died in the line of duty as ways to pressure individuals to donate to their "cause" even though Defendants state that they do not use the names of troopers in their solicitations. (See Exhibit 49, *attached to Plaintiff's Original Petition and incorporated by reference herein*). Defendants are profiting by successfully manipulating and harassing individuals who receive their telephone calls.

74. Defendants, in soliciting donations for families of slain troopers, tell individuals that one hundred percent of their donated monies will go to the families of the slain troopers and will even go so far as to use the names of specific troopers who they are "collecting for." (See Exhibit 50, *attached to Plaintiff's Original Petition and incorporated by reference herein*).

75. Additionally, the OAG has received numerous complaints that telephone solicitations, and

invoice mailings and reminder invoices sent on behalf of the Defendant charity have been calculated to acquire or deprive money or other property from consumers who were 65 years of age or older when these solicitations and mailings occurred. .

76. Defendants do not use reasonable and prudent practices that should be utilized by any business and Tierney has acknowledged such. None of the entities have ever used a budget. (See Exhibit 51, *attached to Plaintiff's Original Petition and incorporated by reference herein*). In fact, Tierney has stated that budgets are non-applicable. (See Exhibit 52, *attached to Plaintiff's Original Petition and incorporated by reference herein*). The entities have no separation of powers in place to insure that the charitable donations are being properly spent in accordance with the donors' intent. Tierney relies on the CPA of the entities to detect any type of fraud, but in his sworn statement, Tierney stated that all documents which are sent to the CPA are prepared by Tierney. (See Exhibit 53, *attached to Plaintiff's Original Petition and incorporated by reference herein*). When it was suggested by the CPA that the entities need to make cost reductions and restructure their fundraising, Tierney's response to the CPA's suggestion was to talk to the Director of Marketing and have him increase the solicitations to the public. (See Exhibit 54, *attached to Plaintiff's Original Petition and incorporated by reference herein*). When asked if Tierney considered decreasing the expenses, he stated that he has done "all he can" to decrease expenses. The only change Tierney made was switching utility companies. (See Exhibit 55, *attached to Plaintiff's Original Petition and incorporated by reference herein*).

77. Defendants have further breached their duties by allowing, either by acts, omissions or neglect, the payment of employees' excessive compensation. As the Executive Vice President Tim Tierney is paid over \$200,000 annually. Director of Marketing Ruben Villalva, Jr. is paid over \$200,000 and Lane Denton, Director of Services, Inc. is paid over \$130,000. All receive full medical

and dental benefits in addition to their salaries. In addition, Tierney and Denton both have cars that are paid for with funds donated to the charity. Tierney currently drives a 2010 Toyota 4runner and the \$1,000.00 a month lease payment is paid for with the organization's money. (*See Exhibit 56, attached to Plaintiff's Original Petition and incorporated by reference herein*). Prior to the 4runner, Tierney had a 2007 Lexus. Denton currently drives a 2007 Nissan Titan, also paid for by charitable funds. Tierney claims that Denton needs the vehicle for business use, but on the insurance policy, which is paid for by the organization, the stated purpose of the vehicle is for pleasure, not for business. Also on the policy paid for by the organization is a BMW, which belongs to Tierney's life partner, Bill Billingsley. When asked about why the BMW was on the company policy, Tierney replied that the part of the policy that insured Billingsley's vehicle was paid for with his personal funds. (*See Exhibit 57, attached to Plaintiff's Original Petition and incorporated by reference herein*). However, Tierney was unable to provide such proof. Tierney has acknowledged that none of the board members have ever reviewed the compensation of the employees because he never provided them with the information to review. (*See Exhibit 58, attached to Plaintiff's Original Petition and incorporated by reference herein*).

78. By the acts and practices described above, Defendants have established a pattern of misrepresentations and unethical conduct in which the money collected under the guise of helping troopers' families "when tragedy strikes" is solely for the purpose of obtaining pecuniary benefits of the Defendants. Alternatively, the Defendant board members have acted with total neglect of their responsibilities as board members, resulting in multiple breaches of their duties owed to the Defendant organizations and owed to the people of the State of Texas.

#### **X. VIOLATIONS OF THE DTPA**

79. Defendants, in the course and conduct of trade and commerce, have directly and indirectly

engaged in false, misleading and deceptive acts and practices declared to be unlawful by DTPA sections 17.46(a) and 17.46(b), to wit:

- a. Passing off goods or services as those of another, in violation of DTPA section 17.46(b)(1). By using of the term "Texas Highway Patrol" and have used a decal that is deceptively similar to the Texas Department of Public Safety Highway Patrol Division and informing members of the public that the person soliciting the donation is a state trooper;
- b. Causing confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services, in violation of DTPA section 17.46(b)(2) by using a deceptively similar name and logo as the Texas Department of Public Safety Highway Patrol Division and allowing charitable donors to believe all of their contributions are tax deductible and allowing charitable donors to believe that they are being solicited by state troopers;
- c. Causing confusion or misunderstanding as to affiliation, connection, or association with, or certification by, another, in violation of DTPA section §17.46(b)(3) by using a deceptively similar name and logo as the Texas Department of Public Safety Highway Patrol Division and allowing charitable donors to believe all of their contributions are tax deductible and will go for the stated purpose of the organization;
- d. Representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another, in violation of DTPA section 17.46(b)(7) by using a deceptively similar name and logo as the Texas Department of Public Safety Highway Patrol Division and allowing charitable donors

to believe all of their contributions are tax deductible and will go for the state purpose of the organization;

- e. Advertising goods or services with intent not to sell them as advertised, in violation of DTPA section 17.46(b)(9) by informing the public through their brochure that all families of slain troopers will receive a \$10,000 benefit and that a special bank account will be set up at local bank for the benefit of the trooper's family when such is not done, and;
- f. Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction which the consumer would not have entered had the information been disclosed, in violation of DTPA section 17.46(b)(24) by allowing charitable donors to believe that all monies collected go to help assist family members of Texas State Troopers and further the stated purpose of the organization.

#### **XI. BREACH OF DUTIES**

80. By soliciting and collecting funds from the general public under the guise of donating to a charitable purpose, Defendants owe a special duty to the consumers who contributed to the charity to use the funds in a way that fulfills the donors' intent. As such, all monies, pledges, and other property received by Defendants as a result of their solicitations constitute charitable trusts to be used for the charitable purposes for which they were solicited. As a result of their oral and written solicitations, Defendants are Trustees of such charitable trusts and are charged with fiduciary duties with regard to said charitable trusts. Defendants, by their acts, errors, omissions, misstatements and misleading statements described above in this petition, have breached, and will continue to breach, their duties in this regard and have caused and will continue to cause, immediate and irreparable

harm by failing to administer these charitable trusts in a prudent and reasonable manner to assure that the funds will be used for the purposes for which they were solicited by Defendants.

81. Defendants have several different programs, but when questioned about each program and how much money is in each fund, Tierney stated that it all goes into the "general fund." (*See Exhibit 59, attached to Plaintiff's Original Petition and incorporated by reference herein*). Tierney states that they keep the allocation of funds internally, but everything is in the same bank account and there is no way to delineate how much has been appropriated for each program, thereby further failing to insure the donor's intent is achieved.

82. Documents provided by the Defendants reflect that they commingle their funds in various ways. As referenced above, Lane Denton has taken a loan, but did not formalize the loan with the proper documentation. Defendants who have credit card access have all made purchases for transactions which appear to be for personal reasons. Tierney has admitted he allows purchases on the credit cards to be made without requiring any receipts to prove that expenses occurred were for actual legitimate business expenses. Tierney merely takes the individual's "word for it." Additionally, the entities have made loans between each other without any formal paperwork or board approval. According to their tax returns, these loans are outstanding and the balance remains unchanged, evidencing the failure to pay the loans back to the lending entity. (*See Exhibit 60, attached to Plaintiff's Original Petition and incorporated by reference herein*). It is believed these "loans" were never made known to the Board or presented for Board approval.

## **XII. VIOLATION OF THE TEXAS LAW ENFORCEMENT TELEPHONE SOLICITATION ACT**

83. Defendants have violated the Chapter 303 of the Texas Business and Commerce Code, the LETSA statute by soliciting funds in violation of the statute. Defendants have violated the LETSA statute by soliciting consumers in Texas under the name of the Texas Highway Patrol Association

without registering the OAG as referenced above in paragraphs 36 and 37.

## **XII. FRAUD**

84. Defendants, by and through their negligent and intentional acts and omissions described in this petition, have made repeated and materially false representations to the public concerning their solicitation of funds for purported charitable purposes, which were either known to be false when made or were made without knowledge of the truth of the matter asserted. Such misleading statements and false mis representations were made with the intention that they would be acted upon by the parties to whom the misrepresentations were made. Reliance upon these false representations has resulted in injury to the donors, individuals, and businesses located in the State of Texas and throughout the United States.

## **XIII. VIOLATION OF CONSTRUCTIVE TRUST**

85. Generous members of the public of the State of Texas donated funds to Defendants for the benefit of worthy charitable causes such as helping families of slain troopers and educating the public. The same is true for members of the public who made donations to Defendants for assistance to peace officers and their families. Acceptance of funds pursuant to such representations established a constructive trust for the benefit of the public, in such a way as to fulfill the donors' intent. Defendants, therefore, owe a duty to the donors and to the public to ensure that funds raised on behalf of these charitable causes be used for the specific purposes for which they were donated. Defendants have breached the duties to their donors who contributed money, by failing to use the funds collected for the express purposes for which they were donated. Defendants have thereby violated the constructive trust.

## **XIV. CONSPIRACY TO DEFRAUD**

86. Defendants, in concert with their agents/employees, agreed to willfully and fraudulently

obtain funds from the public by engaging in the course of conduct complained of herein, which Defendants knew or should have known had the tendency and capacity to deceive.

#### **XV. NEGLIGENCE**

87. Defendants, by their acts and omissions described herein, have failed in their capacities as officers, employees and corporate board members to exercise the degree of care in the conduct of their duties that reasonably prudent persons would have used under similar circumstances to avoid the harm that their actions have caused. Defendants' acts and omissions, when viewed objectively from the standpoint of another at the time of occurrence, involved an extreme degree of risk, considering the probability and magnitude of potential harm their actions could cause. Defendants had or should have had subjective awareness of the risks involved in their actions, but nevertheless proceeded with conscious indifference to the potential harm.

#### **XVI. GROSSLY NEGLIGENT MISMANAGEMENT**

88. Alternatively, Defendants have violated the special duty of care imposed upon them in their capacities as fiduciaries by failing to oversee the management and control of the Texas Highway Patrol Museum in accordance with the law governing non-profit charitable organizations. The individual Defendants have exercised their fiduciary duties in such a negligent manner that their lack of diligence and conscious disregard results in a breach of their fiduciary duties and subjects them to damages as a result of their gross negligence.

#### **XVII. REQUEST FOR APPOINTMENT OF A TEMPORARY RECEIVER**

89. In accordance with principles of equity, the special powers of Texas courts in matters pertaining to charity, the Attorney General requests the appointment of a temporary receiver. In lights of the seriousness of the allegations raised in this pleading and the potential for continual



damage to the charity and to conserve Defendants' assets and avoid damage to the interests of the public of the State of Texas, the Attorney General also requests the involuntary dissolution and liquidation of the assets by a receiver. The appointment of a temporary receiver is authorized by NPCA, Art. 7.04 and/or 7.05; MCLA, Art. 5.10; and TEX.CIV.PRAC.&REM. CODE §§ 64.001 *et seq.*

90. The Attorney General requests that a temporary receiver be appointed to represent the interests of Defendant entities during the pendency of this litigation, and to choose legal representation for Defendants in this litigation solely for the benefit of the corporation; and order that such temporary receiver be given the authority and duty to conduct the general business of the charity. No other adequate remedy is available at law or in equity to accomplish these goals.

91. The Attorney General requests that the Court assign the receiver the following duties and grant the receiver the following authority to exercise those duties:

- a. The duty and the authority to marshal the assets of the Corporate Defendants, of any kind or nature, whatsoever situated, in order to account for all such assets properly belonging to the Defendants;
- b. The duty and authority to receive and control all books and records of the Corporate Defendants;
- c. The duty and authority to receive all incoming donations, payments, and accounts receivable;
- d. The duty and authority to determine all outstanding and valid debts of the Corporate Defendants and to generally conduct the legitimate business of the Foundation; provided that, the payment of debts must be approved by the Court;
- e. The duty and authority, within sixty (60) days from the entry of this order, to provide the Court and all counsel of record with an audit reflecting the totality of the

Corporate Defendants's assets, expenditures, costs, fees and liabilities;

- f. The duty and authority to prepare a written report or reports for the Court and all counsel of record to accompany the audit. The report should include a physical inventory of all personal and real property, noting the market value of the property and the exact location and custodian (if other than the receiver) of all such property;
- g. The duty and authority to make demand upon any person in possession of the subject property that such property be transferred to him/her for the purposes of marshaling and preserving the assets of the corporate entities;
- h. The duty and authority to hire experts and professionals, including legal representatives, to perform duties for the Corporate Defendants and to represent the interests of the Corporate Defendants;
- i. The duty and authority, without further order of this Court, to file, prosecute, defend or settle any suit or suits filed against the Corporate Defendants; and
- j. The duty and authority to file motions seeking the Court's approval to take actions beyond the scope of the requested receivership order, on behalf of the Corporate Defendants.

92. After the appointment of the temporary receiver, the Attorney General further requests that:

- a. All directors, officers, employees, accountants, attorneys, representatives and third-party consultants of the Corporate Defendants be ordered to place all property of the Corporate Defendants in the possession of the receiver and be prohibited from otherwise moving or transferring any of the assets of the Corporate Defendants;

- b. All depository institutions holding accounts or funds of the Corporate Defendants be directed against transfer or concealing of funds of the Corporate Defendants and against interfering in any way with the lawful acts of the receiver, be directed to provide information to the receiver as requested and be directed to provide the receiver access to the Corporate Defendants' accounts and funds; and
- c. All other third parties holding assets of the Corporate Defendants be ordered to place such assets in the custody of the receiver;

## **XVIII. REMEDIES SOUGHT**

### **DISGORGEMENT**

93. All of Defendants' assets are subject to the equitable remedy of disgorgement, which is the forced relinquishment of all benefits that would be unjust for Defendants to retain, including all ill-gotten gains, benefits or profits that are the result of Defendants' neglectful, false, misleading, or deceptive conduct as described above. Defendants should be ordered to disgorge all monies fraudulently solicited together with all of the proceeds, profits, income, interest and accessions thereto. All funds disgorged should be used to further the stated mission to help families of slain troopers and educate the public.

### **IMPOSITION OF A CONSTRUCTIVE CHARITABLE TRUST**

94. When Defendants accepted funds from the citizens of Texas that were earmarked for a specific charitable purpose, a constructive trust for the benefit of the public was created. Therefore, all of Defendants' assets are subject to the Court's imposition of a constructive charitable trust, to be held solely for the specific purposes to which they were intended.

### **INVOLUNTARY DISSOLUTION OF DEFENDANTS**

95. Defendant corporations should be ordered to dissolve as a result of Defendants' unlawful conduct as described above and pursuant to the Texas Business Organizations Code.

#### **LIEN FOR LAW VIOLATION**

96. Defendant corporations have engaged in the unlawful acts and practices as described above and pursuant to the Texas Business Organizations Code, and as such, all property of such corporations within this State at the time of such violation or which may thereafter come within this State, shall by reason of such violation become liable for such fines or penalties and for costs of suit and costs of collection. The State of Texas shall have a lien on all property owned by the Defendants from the date this suit is instituted.

#### **XIX. CONCLUSION**

97. Defendants have engaged in false, misleading and deceptive acts and practices in the solicitation and acceptance of funds from the public representing that such funds would be used for the specific designated charitable purpose of providing benefits for Texas state highway patrol officers, the promotion of professional law enforcement, providing monetary assistance to families of slain trooper and providing scholarships to troopers' families as well educational programs. Defendants have engaged in a common scheme and design willfully carried out to create a private benefit to Defendants. Charitable funds have fraudulently been used for purposes other than those intended for Defendants' personal inurement. Individual defendants directly participated in unlawful and unethical conduct and are personally liable for such unlawful and unethical conduct. All Defendants knowingly participated in breaches of fiduciary duties as joint tortfeasors and are personally liable as such. The State of Texas further alleges, by their acts and omissions, Defendants have failed to exercise a degree of care in the conduct of their fiduciary duties that reasonable prudent persons would under similar circumstances to avoid the harm their actions have caused.

Defendants, while holding themselves out to be an organization which provides support to Texas State Troopers in their times of need, were benefitting to the direct detriment of the movement they claimed to be helping. The Defendants have breached their statutory fiduciary duties and their common law charitable trust fiduciary duties.

**XX. NECESSITY OF IMMEDIATE RELIEF TO PRESERVE DEFENDANTS' ASSETS**

98. Plaintiff requests immediate relief by way of a Temporary Restraining Order and Temporary Injunction to preserve and protect Defendants' assets from dissipation. Defendants' assets are subject to dissipation for the following reasons:

- A. Defendants receive hundreds of dollars on a daily basis from consumers through their schemes and use fraudulently solicited funds for personal gain;
- B. Monies received from consumers are dissipated quickly by Defendants, who use the money to pay off credit card for purchases made by the individual defendants for their own benefit and have no charitable purpose whatsoever; and
- C. Defendants named herein receive monies as salaries or other compensation, dissipate such monies quickly for personal use, and otherwise deplete their bank accounts monthly through other expenses. Defendants maintain and are signatories on the following known accounts:

- a. Prosperity Bank, Account Numbers [REDACTED] Texas Highway Patrol Museum), XXX [REDACTED] Texas Highway Patrol Association), XXX [REDACTED] HPA Services, Inc. , Inc.;
- b. Randolph Brooks Federal Credit Union, Account Number XX [REDACTED] Texas Highway Patrol Museum);
- c. Charles Schwab, Account Number XXX [REDACTED] Texas Highway Patrol

Association);

- d. American Express, Account Numbers ending in [REDACTED] Texas Highway Patrol Association and Ruben Villalva)
- e. Citibank, Account Numbers XXXX XXXX XXXX [REDACTED] Tierney and THP);  
XXXX XXXX XXXX [REDACTED] XXXX XXXX XXXX [REDACTED] (Villalva and  
THP); XXXX XXXX XXXX [REDACTED] Villalva and THP); XXXX XXXX  
XXXX [REDACTED] kins and THP); XXXX XXXX XXXX [REDACTED] enkins and  
THP); XXXX XXXX XXXX [REDACTED] Denton and THP); and XXXX XXXX  
XXXX [REDACTED] (Denton and THP).
- f. Bank of America Royal Caribbean, Account Number ending in [REDACTED]

99. For these reasons, the assets of the individual Defendants and the corporate Defendants named herein are subject to dissipation and sequestration, and therefore should be frozen pending final trial so that meaningful use can be made for the charitable purpose for which the monies were obtained, and that full and final relief can be awarded at trial.

**XXI. REQUEST TO CONDUCT DISCOVERY PRIOR TO  
TEMPORARY INJUNCTION HEARING**

100. Plaintiff requests leave of this Court to conduct telephonic, oral, written, and other Depositions (containing Requests for Production) of witnesses prior to any scheduled Temporary Injunction hearing, and prior to Defendants' answer date. There are a number of victims and other witnesses who may need to be deposed prior to any scheduled Temporary Injunction hearing. Some of these witnesses may live outside the State of Texas, and thus cannot appear at any scheduled Temporary Injunction hearing. Any depositions, telephonic or otherwise, would be conducted with reasonable, shortened notice to Defendants and their attorneys. Plaintiff also requests leave of this

Court to file any corresponding Business Records Affidavits with reasonable, shortened notice.

## **XXII. TRIAL BY JURY**

101. Plaintiff has requested a jury trial and has tendered the jury fee to the Travis County District Clerk's office pursuant to Texas Rule of Civil Procedure 216 and Texas Government Code section 51.604 (West 2005 & Supp. 2007).

## **XXIII. PRAYER**

102. WHEREFORE, Plaintiff prays that Defendants be cited according to law to appear and answer herein; that a EX PARTE TEMPORARY RESTRAINING ORDER be issued; that after due notice and hearing a TEMPORARY INJUNCTION be issued; and upon final hearing a PERMANENT INJUNCTION be issued, restraining and enjoining Defendants, Defendants' officers, agents, successors, assigns, servants, employees, subcontractors, corporations and any other persons in active concert or participation with Defendants who receive actual notice of the injunction, from engaging in the following acts or practices:

1. Transferring, concealing, destroying, or removing from the jurisdiction of this Court any books, records, documents, invoices, or other written materials relating to the business of Defendants currently or hereafter in Defendants' possession, custody, or control except in response to further orders or subpoenas in this cause;
2. Transferring, spending, hypothecating, concealing, encumbering, withdrawing, removing, or allowing the transfer, removal, or withdrawal from any financial institution or from the jurisdiction of this Court any money, stocks, bonds, assets, notes, equipment, funds, accounts receivable, policies of insurance, trust agreements, or other property, real, personal or mixed, wherever situated, belonging to or owned by, in the possession or custody of, standing in the name of, or claimed by Defendants without further order of this court;

including but not limited to all bank accounts , property located at 501 Oakland Avenue, Austin, Texas 78703; 812 S. Alamo, San Antonio, Texas 78205; 111 W. Anderson Lane, Suite E328, Austin Texas 78701; 8209 Long Point Drive, Houston Texas ; 2150 Trawood, Suite A-240, El Paso, Texas; 11037 FM 1960 Road, A-1, Houston, Texas; 3993 FM 1960, Houston, Texas; and 3040 FM 1960, #156, Houston, Texas.

3. Opening or causing to be opened any safe deposit boxes or storage facilities titled in the name of Defendants or any of Defendants' assumed names, or subject to access or control by Defendants, without providing Plaintiff and the Court prior notice by motion seeking such access;
4. Soliciting funds on behalf of or for the benefit of Defendants for any charity or nonprofit organization which uses "Texas Department of Public Safety," "Department of Public Safety," "Texas Ranger," or "Texas Highway Patrol" as any part of its name;
5. Representing, expressly or by implication, that Defendants, their publications, museum or other organizations are affiliated with, endorsed by, authorized by, supported by, associated with, or in any way related to any law enforcement organization, group or cause including "Texas Department of Public Safety," "Department of Public Safety," "Texas Ranger," or "Texas Highway Patrol";
6. Mailing, faxing, or forwarding any invoice, letter, or thing to any business or person wherein such invoice, letter, or thing seeks, demands, or requests any type of payment or contribution from said business or person;
7. Telephoning, calling or in any way initiating contact with any business or person for the purpose of seeking, selling, or requesting any type of contribution, money, or funds for advertising from said business or person;



8. Operating any type of telemarketing operation on behalf of any publication; and
  9. Operating any type of corporation, organization, group, association, museum, magazine or periodical which uses as any part of its name "Texas Department of Public Safety," "Department of Public Safety," "Texas Ranger," or "Texas Highway Patrol."
103. In addition, Plaintiff STATE OF TEXAS respectfully prays that this Court will:
1. Adjudge against Defendants civil penalties in favor of Plaintiff in an amount up to \$20,000 per violation, pursuant to section 17.47(c)(1) of the Texas Business and Commerce Code;
  2. Order Defendants to pay Plaintiff STATE OF TEXAS' attorney fees and costs of court pursuant to TEX. GOV'T. CODE §402.006(c), and TEX. PROP. CODE ANN. §§ 123.005(b) 114.064;
  3. Order the cy pres of all assets and funds that were donated and intended for the charitable purposes; and
  4. Grant all other relief to which the Plaintiff State of Texas may show itself entitled.

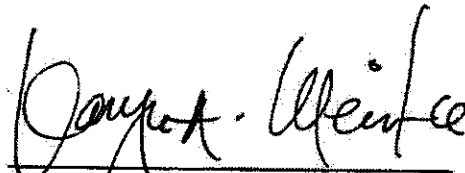
Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above *Plaintiff's Second Amended Original*  
*Petition* was served on March 12, 2012, to all counsel of record as designated in the following  
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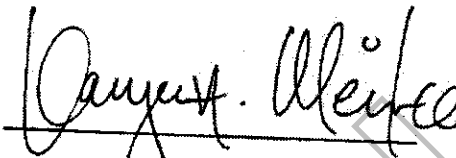
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*Counsel for Kenneth Lane Denton*

  
KARYN A. MEINKE

Texas Highway Patrol Museum  
Board Meeting  
Agenda

May 14, 2008

In attendance, Lane, Mark, Robert, Fred, Tim

Opening Remarks  
1001a

Mark Lockridge opened

Eagle Scout of Mark's made a dvd and cd of a drinking program, powerpoints and video. From Lane - Ricardo Martinez is now at the museum, replaced Justin Bragg. Lane - 45 packages for don't drink and drive went out to the high schools in the local area. Statistics showing DWI is 18-25 area. Starting early drinking. Schools have cut back and aren't coming to the museum very often. Alert Trooper possibility of getting published.

Financial Report

Tim Tierney

Money has been coming in slowly, CR says that it will turn around, but that's been the same story for a while now. Mark - need to have a balance of money that is coming in. Would like to see us coordinate more money

Mark motion to get an email quarterly budget report of where are we spending our money.

Seconded by Fred

Board member report and operating expenses



Old Business - Mark Lockridge - Highway patrol car - wants to bring it up here to DC. Lane states that someone will clean it up and make sure it is running, it is in the back parking lot. Lane will get in touch with him and try to get it cleaned up and ready for next May. Current city police officer at SAPD. Fred would like to clean up the car and believes we can get things donated and get it repaired and cleaned up. Fred has the stickers to place on the car. Fred agrees car needs to be cleaned up and looking nice as a car. Mechanic to get it operational. Mark makes a motion to have the vehicle cleaned and have a new battery by end of May. June would be tuned up in a shop. Spend the funds necessary for the vehicle to be cleaned up in May and June to do that. Vehicle to be prepared, and transferred to DC for next year. Fred Seconds it.

All agree. Lane to get it to a mechanic to get it cleaned up and looking nice.

Per Mark - Medal of Valor - need to get nominees flyers go out now for the 2007. Robert seconds and Fred agrees.

Legal Report

Tim Tierney

Annual filing with the Attorney General office is underway, and will be filed by May 15, 2008.

Museum Operations & Programs

Lane Denton

New person Ricardo Martinez running the day to day operations.

New Business

Mark Lockridge

November 15<sup>th</sup> for ceremony meeting - per Lane

Motion to approve all previous actions of the staff and board of the museum, magazine, and association. By Mark seconded by Robert. All approved

Meeting adjourned 5-14-08 1038am

UNOFFICIAL

**Texas Highway Patrol Association  
Board Meeting  
Agenda**

**May 14, 2008**

**Opening Remarks**

**Mark Lockridge**

Opened by Mark (1150pm 5/13), and made a motion to enroll James Colunga a board member, replacing retired board member Les Straw, who recently passed away. In attendance Robert Bernard, Fred Riojas, Lane Denton, Tim Tierney, James Colunga. It was decided Colunga would join the board. Absent was Gregg Greer and Ted Riojas.

5/14/09 meeting to order at Virginian Suites 937am.

James 972-935-3044 Colunga cell phone.

Mark - Revamp our philosophy to keep up with him, very active with talking to the survivors and families.

**Financial Report**

**Tim Tierney**

Last month paid out a \$10,000 death benefit. Gregg delivered the check to the family. Discussion took place about the recent deaths of troopers.

**Legal Report**

**Tim Tierney**

Nothing much to report, Billboard going up at our office, will bring in \$1000 a month income.



### Magazine Report

Lane Denton

Nothing new other than Eric is going to plug out a nice issue of a magazine. Wants to restart the metal of valor. Trying to find someone to get that in the future. Mark wants to get the magazines out in the future to more people. Mark likes the format with the advertisements in the back. Lane said the main thing is that people that come into museum haven't seen the magazine. Slowly expanding to out of state troopers on the list.

### New Business

Mark Lockridge

Closed meeting at 958am

**Texas Highway Patrol Museum**  
November 8, 2008  
**Board Meeting Minutes**

**Opening Remarks**

**Sgt. Mark Lockridge, Chair**

142p meeting called to order by Mark. Thanked everyone for coming and being at the ceremony this morning. Les wouldn't have wanted the attention, but glad we were here for the family.

In Attendance: Ken Gorence, Mark Lockridge, Gregg Greer, Robert Bernard, Jr. James Colunga, Tim Tierney, Lane Denton, Irby Hightower

**Introduction of Museum Staff**

**Sgt. Mark Lockridge, Chair**

**Architectural Planning**

**Irby Hightower, Alamo Architects**

Brochures and powerpoint presentation. 18 yrs working with this area. Worked in the neighborhood with other projects. Beginning stages of taking the next step with the museum. Raising money and visualizing the future. Went over different works in the area. Worked with the children's museum of San Antonio and visualizing. Low budget for them. Designed the interior of the building. Also worked with the Buckhorn Museum (Houston St.) to restore and organize the exhibits. The stories at our museum could be told through screens and different stations around the museum. Work with an exhibit designer to make a world class small museum about what THP lives are like. Development in this space could generate income. First step is to draw people in with displays. Exhibit people to talk about what it is we are trying to get across to the public. Window displays to get people through the door. Toxey/McMillan design associates works on museum exhibits (local and international). The Douglas Group works with organizations on a storyboard. Over the next year the first step would be to contact these people about what it is you want to say and the different ways to say it at the museum. Irby can help with physical arrangements. Robert Oliver at the Chisholm Trail Heritage Museum, in Cuero is a good place to start with museum ideas.

**Cruisin' to Coffins**

**Ricardo F. Martinez**

Program why not to drink and drive and the effects and dangers. Focusing on the drinkers and the families. Working to re-invent it, working with Lee High School cinema director. Wants to know how emotional to get and how much information to give. Video drafts will come from them on the program.

Lane - CD Mark has sent over

Mark - end results is a dvd version to send out to the schools, and they want it to fit into a 45 minute class section, and a 2 hour for when you have a break.

R - School can give us 20 dvds with their program.

M - You don't want it to be total stories about losses, but want instructional information as well to get people thinking.

Ken G - Current version is back in the 90's and time to update

M - We'd like to see it go out. A program will not fit the same high school and middle school groups. Target group is 13 and up.

## Financial Report & Outlook

CR Villalva

Absent - see Ken's report

## Financial Plans & Information

Ken Gorence, C.P.A

Hundout (see below starting with Historical Perspective).

Remarkable history that in two years we will have been around 20 years. Association founded in 1990 and then THPA Services in 1994, and Museum in 1992/3. Museum 501(c)3 organization. People donating money get a tax deduction. THPA is the membership organization, about \$10-20k a year. Historically we have raised 2.5 million in 2005, over about 1.8 million per year. Loomis is about 60-70k per year. In 2007 though, recession/Kutrina, organization lost about \$100,000. Revenue fell from 2006-2007 by \$140,000 but our fundraising went down by \$30,000-40,000. When we first started we had an outside firm raising giving us about 10%. 1994 we brought it in house. 50% figure now with fundraising and bring the organization back to break even and or profit. We'll lose \$50,000 in 2008. Going forward we need to have a solid base. Bright spot in Services, it lost money in the first 8-10 years, the revenue now is about \$50-75k a year. Immediate mission is to get us back into good shape financially.

Mark CR and phone solicitors - contract organizations are in a slump as well.

L - Huge population in Harris county and our economy.

M - CR does a great job of moving the market around.

L - CR does not apply high pressure sales. Maybe 50 complaints a year. Economy down, people don't want to be bothered. People on cell phones and not able to be reached at home. At some point need to level it off and not support a loss.

K - Government grants, or other revenue sources?

L - Go after as much as we can in other sources

Gregg - Online donation - We do that

## Historical Perspective & Operations

THPA was founded in 1990 as a 501(c)(6) professional association and presently has a small budget to provide certain member benefits such as dental insurance, the death benefit and scholarships.

The Texas Highway Patrol Museum was founded in 1992 and presently is the 501(c)(3) fundraising organization with an annual budget of \$1,700,000.

THPA Services, Inc. was incorporated in 1994 as a for profit entity to fundraise for and publish the THPA magazine.

## Financial Results

Through December 31, 2006, THPA and the Museum combined have raised an average of \$1,810,000 per year and have generated a small profit in most years. In 2007, however, Museum contribution revenue fell

to an historic low of \$1,657,042 and the organization recorded a loss in excess of \$100,000. Fortunately, the Loomis lease revenue (\$68,000) and cash reserves allowed for continued operations.

The results for 2008 are slightly better, but contribution revenues are not projected to exceed \$1,750,000. At this level, and with the present cost structure, 2008 will end with a loss in the neighborhood of \$50,000. Again, the Loomis lease will allow for a break- even year.

To address the current financial situation, the organization is analyzing its entire operation with a particular emphasis on restructuring the fundraising cost structure. Management is confident the necessary steps will be implemented to bring the organization back to profitability in 2009.

On the plus side, THPA Services has continued its solid performance, generating operating profits in each of the last four years. 2007 revenue hit a record \$1,186,000 which resulted in a 2007 operating profit of \$54,000.

### Financial Position

At the present time, cash and investment balances are at reasonable levels as follows:

Texas Highway Patrol Museum	\$102,724	
Texas Highway Patrol Association	12,300	
THPA Services, Inc.		66,958

The Museum facility is paid for and the organization owes \$187,000 on its Austin office building.

### Legal

**Kim Brown, Attorney At Law /Tim Tierney**

We have had very few legal issues during 2008 requiring attention by legal counsel. THPM needs to adopt a new Policies Manual for the organization, reflecting formal adoption of policies that are now being required by the IRS for all non-profit organizations. The policies in the new manual prepared by Kim actually include many positions and business practices that have always been followed by THPM staff and Board members. Kim requested adoption by the Board of the new policies for the manual. Adopted on motion by Mark, seconded by Gregg.

### Museum Operations & Programs **Sgt. Mark Lockridge, Chair**

L - no change cruising for coffins program

### Capitol Campaign

**Eric Gustavus/Lane Denton**

L - Working on getting public relations going to donate to a silent auction. 2009 November 14, 2009 at the museum.

TEGA Construction certificate - Giving a nice certificate.

John Barton shipped stuff to the museum photos.

L - we have about 50 boxes of stuff to display.

#### **Alert Troopers**

L - Several elementary schools where we provide copies of the "alert troopers" and providing copies of it to the kindergarten and day care organizations.

Robert - How do we display this to our schools?

L - Take to our schools, you can make a copy

Going to start sending a letter to children book publishers to get our alert trooper book published. If the book sells for \$10, then 10% return on the book.

M - Can we sell them to the school book?

L - Schools select books from publishers, will work on getting a publisher. We may do a revision to make it simpler. Schools make them black and white.

Mark - Medal of Valor form

L - Decision to publish it in the magazine to make nominations

M - We were going to have this done by the end of the year on the medal of valor to do a ceremony the first of next year 2009, for 2008.

L - We've skipped a number of years on the medal of valor, accept nominations and then the board makes a final decision. Not exceptional.

Robert - Many of these aren't over the line of duty for medal of valor.

L - Vote for who deserves a medal of valor \$250 each person.

M - Ceremony at Mark's new DPS building.

James - Bring in a lot of Midlothian people

Board voted for the four people Terry Eaton, Vance Griffin, William Werkeister, Rick Smith. Ceremony at new HP office in Waxahatchie on a Saturday February 21, 2009, James made motion, Robert seconded, Mark said 10am. Notice and invitations to be sent out.

#### **Scholarship(s)**

Five scholarships granted this year

**Eric Gustavus/Tim Tierney**

#### **Texas Historical Commission**

##### **Site Evaluation**

M - Commission and grant proposals.

**Sgt. Gregg Greer**

#### **2009 National Police Memorial**

**Tpr. James Colunga**

J - Been riding in the memorial 5 years, up to making 1 million in the police unity tour, every year their building is not there. 11 years and their building is not there. Every time we look to see where it is. Building is coming along but takes time. Not going to ride, but we would like to sponsor people. People to submit requests.

L - James to be responsible for contact to the memorial schedule in DC. Board should decide if they want to participate or not.

Gregg -

L - Candle light ceremony is the best part go up on a Thursday & leave Sunday or Monday. If we knew next week we could start to plan. Residence inn has government rates.

DC - Go up on the 14<sup>th</sup> May Thursday - return Monday 4 nights.

Mark - Do we want to deal with getting a HP car there to DC and back?

J - What we are doing with the memorial, trying to have a bike ride for the 8 troopers in Texas. By getting in touch with people here we could get a big response for our own memorial.

M - Motion to get James to head up the memorial bike ride, entail the circuit bike ride, feasible date and getting notice out, and evaluate.

L - Determine and evaluate it for 2009 and kick it off in 2010

Seconded by Robert.

J - This would be a Texas ride only to support our memorial to ride into San Antonio.

Mark - Ride from Austin to San Antonio. Police team or supporters

J - Police enforcement and lost a loved one. Start small because they are getting into a million dollar deal to house and feed people. Lodging for Friday night for a Saturday morning ride.

M - Next year keep simple no lodging, etc. 8am/7a get to Austin and ride to San Antonio.

G - Make it start and end here (SA), not as interesting.

M - Outline of how we see the program to get to Tim.

## **New Business Report**

## **Mark Lockridge**

L - Architectural drawing of how the building will look. Next step in our museum.

M - Overview is to get the development on the museum using a capital campaign so our first step is to gather information?

L - Initial decision is an architectural drawing. In May one discussion is the total museum or some commercial for revenue, 2 stories or above residential, or what do you want to do, or a mix? In May would be a good time to make a firm decision on what to do. 17,000 sq ft. undeveloped space. Then the architect can draw up a plan, then the construction, plan, and then interior and exhibits.

M - Any change you make is money, so we need to have a set guide of what to do.

L – At some point the space will all be opened and we can then build as the years go by.

L – We can raise the money for the construction. Next decision would be to get the residential support program back on par. Rental income from Loomis. Do we want to kick out the tenant or keep them. They pay for all their maintenance.

M – If we need something, call us, the board can do things.

L – We'll at some point hire a crew to knock out the building and clean and paint it up.

L – Museum is a 501-c-3 best deal that people can do for a 100% charitable donation.

Approve all past actions, and minutes of the board and the employees since our last meeting. James motions, Robert 2<sup>nd</sup> it.  
All approved.

Mark – Getting our board strength back up for each area. We never went further with our boards back formed for the auxiliary board (wives) and retired (advisory board).

R – Auxiliary board of wives Sommer to head.

J – Get three more retired member advisory board.

L – Charlie Henderson, John Hood and Les Strawn were on the retired.

Approve all past actions of the board and the employees since our last meeting, Robert Seconded by James, All approved

Texas Highway Patrol Association

In attendance Greer, Bernard, Colunga, Lockridge, Denton, Tierney

Motion made to combine our agendas by Robert, and 2<sup>nd</sup> James, all approved.

Meeting closed at 323pm

**Texas Highway Patrol Museum  
May 2009  
Board Meeting Agenda**

**Opening Remarks**

**Sgt. Mark Lockridge, Chair**

**Marketing Report & Outlook**      **Tim Tierney**

Despite the downturn in the economy, our collections have come up the past few months. CR has been working hard with the offices. Expenses are constantly being reviewed and cost saving measures put into place. Recently many of our phone lines switched from MCI to AT&T. Postage will be rising again on May 11<sup>th</sup>. Our mailing equipment lease is up in June and I've decided to purchase a system from a local company that rebuilds and maintains machines for local mail houses. This will pay for itself after two years, verses renewing a lease with Pitney Bowes for another five years. The amount we owe on our Austin building is \$140,000. The goal is to pay this down and off as extra income comes in so that both of our buildings will be owned by THPM.

**Magazine Division Report**      **Tim Tierney**

Collections from our magazine division have been lower this year than in the past. The economy seems to have hit our business contributors. We are hopeful that this will turn around, but are watching all income and expenses on a weekly basis.

**Museum Operations Update**

**Lane Denton**

**Bike Ride Update**

**James Colunga**

**New Business Report**

**Mark Lockridge**

- Set date for November meeting in San Antonio
- Motion to Approve minutes from last meeting
- Motion to Approve all actions of the board and all staff since our last meeting.



**Texas Highway Patrol Museum  
November 2009  
Board Meeting Agenda**

**Opening Remarks**

**Sgt. Mark Lockridge, Chair**

1025am - Thank you for gathering in SA for our meeting from your families.  
Information sheet to update where you are and locations.

**Marketing Report & Outlook**

**C.R. Villalva**

CR - Good to see everyone. We've been restructuring Marketing division moving offices to El Paso. It's been competitive as far as marketing, but we are the only one that has a museum. 2010 projection looks good. Changes this last year has helped. Need to implement collecting donations with credit card. Needing to look into them paying with

Mark - are we offering a rotating debit system?

CR - fraud issue with credit cards.

Mark - DPSOA takes out \$15 a month for trooper membership. Covers their benefits.

CR people asking how to find out weather conditions or missing children. Looking for new ways of doing things via the internet

Ted - We need to be transparent and we aren't hiding anything. Giving out as much information as we can

CR - complaint ratio is lower than other companies. Past year about 10 complaints.

What can we do about complaints? Call CR. There is a packet to send out about our literature.

James - What are the benefits of the organization, do we have information available like that?

CR - yes our literature and someone to talk to about the organization. The bad organizations are gone in a year. We've been around since 1992.

James - looking into district meetings.

Ted - Training of troopers we provided lunch for them. Families came in and we provided lunch for them. DPSOA/TSTA provide big dinners and take money from the pay checks.

Mark - membership hot dog cook out before the bike ride

James - DC has as part of the ceremony, get together for everyone.

**Magazine Division Report**

**Tim Tierney**

Sarah Garcia Scholarship update (\$831.14) – been using her scholarship money for the past years.

Victoria Garcia Scholarship update (\$4389.36) – going to nursing school

Ted – sending magazines to the JP offices as well as all DPS offices.

### **Museum Operations Update                      Lane Denton**

Two museums in SA has started making soliciting phone calls to other people around SA. Trying to reach younger participants. Magazine is a deductible business expense. Economy last year, we still have survived.

Mark – Looking from the outside TSTA and DPSOA seem to be teaming up to do stuff together.

CR they TSTA/DPSOA outsources their call center.

Ted – DPSOA is going away from call centers, sending troopers an email asking them to send to 10 friends, and 10 friends to build their base through email and internet.

CR – Aggressive approach pisses people off and so we do it differently.

Lane – email seems like a chain letter.

Lane – Big issue board needs to talk about and decide about our capital campaign. At some point we will have to expand the museum. This will take a lot of money. Locally the McNay museum took 10 years to get their money for expansion. Next yr is the 75<sup>th</sup> anniversary. Capital campaign architect wants to do a façade of the building and give us figures on what it would cost to renovate. Working on signing up endorsements and starting a campaign. Does the board want to do this next year?

J- Bike ride is next year for the 75<sup>th</sup> anniversary.

L – any board members wanting to chair the committee?

Fred – nominates Mark

Mark – Kick it off next year – makes a motion to start it next year 2010.

J – start in August/September for the kick off dates

CR – new design on tshirts let me know if you have any suggestions on them.

L – 75<sup>th</sup> tshirt.

All in favor, everyone, opposed, none

L – doing program with elementary schools and safety brochures.

### **Bike Ride Update**

**James Colunga**

J – Thank the association for giving \$1500 for our bike ride. Tshirts for everyone. We asked every association to contribute.

We had 12 riders this year – three from Austin administration. Hoping next year to increase it and “DPS Memorial Ride”. No more accommodations at the academy. We want the DPS memorial ride to go to the academy.

Fred - Fire marshall shut down the training academy because of sprinkler system, and warning system. That's going to take 4 million to re-do this system. They want to move things to Florence, but that's several years away. Another year before there is a recruit school. The entire system will be fenced in for the training academy.

James - DPSOA was supportive and let him know that THPA was donating. Yet they didn't donate anything. Called TSTA, they said they would think about it. TSTA said they were putting out memorials and not funded to give any more money. Riders paid \$250 per rider. Told his board members to get two sponsors. The money we made for the riders and the few donations helped. Wants the memorial on a permanent site to put the memorial at the academy. Motorcycle ride is a non-profit and Jubilee is going to attach the DPS ride website to go to the Jubilee motorcycle ride. Will link to the association as well. Colonel and Commissioner came in, only 12 people but maybe next year have the association there to promote us. Money goes to memorial and trooper disability fund. Date for last Saturday in September, 2010. Would be nice to have THPA get together. Launching of capital campaign could be at the same time. New colonel is supportive. Atrium hotel is getting DPS rate and non-taxable. Ride in Austin is shorter for participation, 32 miles. Raised under \$10,000. This year was a wreath at the academy, next year would be wreath and photos. Adding flags, etc. Hoping more participation from Austin for next year.

Mark made motion to approve all actions of board and staff for the past year  
2nd James and any opposed none.

New Business Report

Mark Lockridge

Washington DC May 13-16 -

Booked Washington Dupont hotel for May 2010.

Adjourned 11:42pm by mark

**Texas Highway Patrol Museum, Association & Services**

**November 6, 2010**

**Board Meeting Agenda**

**11:00 AM**

**Opening Remarks**  
*Association Chair*

**Sgt. Gregg Greer,**

Gregg welcomed us, last time we were in DC, and will be there again this year. Gregg Greer, James Colunga, Robert Bernard, Ted Riojas, Lane Denton, Tim Tierney in attendance.

Lane – El paso problem with recruiting workers sometimes. Moving offices from Houston.

**Marketing Report & Outlook**

**C.R. Villalva**

**Gentlemen,**

Over the past 10 months, the charitable industry has been confronted by greater challenges than most other industries. Many of the charitable groups throughout the country have seen a significant drop in donations due to the recession and are struggling. We have also taken our share of lumps this year but are holding strong. Our employees are working hard to maintain our financial commitments and our complaints have been low. We do not anticipate a significant drop in contributions and appreciate your work you all do for the THPA. My regrets for not making it to the meeting but my two sons Cristian & Evan and both competing in state and regional playoffs today. "PRAY FOR THEM".

See you all in DC and enjoy the jackets.

**Magazine Division Report**

**Tim Tierney**

- Scholarship Report
- Six scholarships this year

Gregg said scholarships are low, troopers the wrong age for kids to be in college. Lots of younger ones.

**Museum Operations Update**      **Lane Denton**

New brochure with driver accident form is being passed out at the museum and we'll distribute in our magazine this coming year. Letters to the schools with Cruisin to coffins program. The program is now on DVD for everyone.

James – Driving school age from 16 to 18, how do we get involved in that. Will have to go to a driving class from 18 to 25 yr old. Driving schools should be teaching the cruisin' to coffins video. Program is through TEA.

Lane – Display cases are new and will be full of stuff we have in storage.

James – to send some bike ride pictures.

Lane – Wall needs paint job, will be doing that

Ted – community service – to have people come in to sweep and clean the museum.

Lane – Someone shot at the windows recently so we had to replace three of them.

James – if it is a high crime area, go to city council to see if they can put in cameras, like they do in Dallas. PD there has monitors looking at the cameras. We will check into those.

Lane - Painting and heating unit to replace. Interior will be in good shape by Jan 1.

**Bike Ride Update**

**Trooper James Colunga**

We had 24 riders this year. 2<sup>nd</sup> year. The ride will now be when Texas isn't playing. Opens up anyone that works the games and the hotel problem. Director is behind the bike ride and rides with them. Trying to get the word out. Last year we had 3 riders that needed help. Will put word out in the magazine. September 17, 2011 is the date of the next ride. Two troopers killed in Ellis County and will ride from Waxahachie to Austin, in two days. [rideDps.org](http://rideDps.org)

**New Business Report**

**Sgt. Robert Bernard**

- Washington D.C. Trip  
May 13-16, 2010

Hotel Harrington is near Hotel Washington. Hotel rates in DC keep going higher. They do not provide soap and shampoo at the hotel.

White house visit - Congressman Charlie Gonzales has it taken care of for us. Visit to the white house will be on Friday, or possibly Saturday as a private visit.

Robert - We should do the escorting during the candlelight vigil.

James - would like for everyone to stay during the saluting process at the vigil. Starts at 8 and ends around 945.

Lane - dinner at 10pm. Legal sea food.

James - 2pm on the 13<sup>th</sup> is the bike ride.

Try to fly out earliest on the 13<sup>th</sup>.

James - Is there anything we can do for 75<sup>th</sup> anniversary. Board will inform everyone when there is an event where we can represent ourselves.

Robert making motion that the agenda is accepted. All previous actions of the board and staff are approved, Gregg greer, all agreed.

Adjourned 12:10pm

**Texas Highway Patrol Association & Museum**  
**May 14, 2011**  
**Board Meeting Agenda**

**Opening Remarks**

Sgt. Mark Lockridge, *Chair* (THPM)

Mark - Thank you for inviting us to the candlelight vigil. Good to be here and thank you for coming.

**Marketing Report & Outlook**

C.R. Villalva

CR - 100 employees with us, 3 houston, 1 el paso office. Trying to move everything to one office in El Paso. To stay competitive with other places we pay \$9 an hour. Complaints - We follow the complaint by phone number, which is very rare. We've only had to terminate 2 employees in the past 20 years for mis-representation. Manager in Houston been with us 12 years in Houston, another 15 years.

Kim - Employee that doesn't follow rules, quit before we hear about complaints.

CR - strict training procedure, 3 day boot camp, follow script, how they sit, how they keep their desk. High turnover rate.

Fred - what's the shortest someone worked?

CR - 1 hour. Nothing has changed from the early days

Kim - except it is harder to do business on the telephone.

CR - we have phone lists (cork directory), we print zip code and print out the phone list. All employees enjoy working for organization.

Fred - any part of the state more receptive to giving?

CR - no, we call all big and little cities. Takes 30 people or 40 people to get a yes on the phone. We are open 10a-9pm, two shifts. We aren't into modernized operations, everything done manually, easy to keep costs down.

Gregg - what's the percentage of returned after sending out program

CR - There are 100 raising money in texas, and we get about 50% return. Reset (collection reminders). Most other organizations 20% return. Depending on area we are calling we could sell \$25,000. Two campaigns a year and try not to call people too much. More supporters from the upper portion of Texas than before. 70% spanish speaking in the past and is now 20% spanish and 80% English.

**Legal Report**

Kim Brown

Things are smooth. We have annual filings to the state. Magazine division registered in DC. I work with Tim and CR and Ken Gorence the CPA since the beginning. We coordinate to each other on complaints or concerns. I keep that every concern is a high priority. The current DPS director is not friendly to the organizations. We haven't had a great deal of support for our Museum from DPS. We are proud of it and what we do. We maintain the balance of keeping everything 100% with IRS and legal standing. Never know if we are dealing with friendly or unfriendly. AG's come and go and directors and they all have different agendas. We do everything 100% correct, and are on the same page and are aggressive about it. If a problem we take care of it. My job is delivery of information and conversations with DPS management or AG office. Some years we go and there are no inquiries or complaints or things to get responded to and some are busy. Most of you know that we have for years, we relate as 3 related entities. THPA is the trade organization, membership. THPM is our fundraising and operates museum. THPA Services is magazine corporation. IRS requires that magazine advertising is separately done from other organizations. Every year there are filings that keep the operations on track. James - TSTA and others are always questioning us to ask if we are ok.

Kim - we received an inquiry last year at the AG's office and we provided them with 11 boxes of business records, each program through the museum, we showed how many dvd's we sent to the high school, pictures of museum, hours of operations. We met with them and went through it with great detail. In all honesty, the current directors negative attitude is what may be causing inquiries. Tim and Ken spent a lot of time to make sure that we were through.

James - Email from Valerie Fulmer questioning our bike ride with THPA. Department sent questionnaire how we are different. I went to DPSOA and they didn't support us.

Kim - THPA support is one of the files we talked to the AG's office. I am a part time municipal judge. Knowing that people are watching makes them follow direction.  
CR- 100 club is sanctioned by DPS.

Kim - if you don't get a response from DPS management today and you are knocking up against the 100 club. I have copies of press release from DPS director from 3 months ago. Director doesn't like that we pay for scholarships and death benefits. DPS is saying don't give money to the associations, because they take care of the employees. That is only a partial truth. People that are giving are people that are law enforcement supporter.

James - our ride, reason why we are getting support is for the disability fund. DPSOA thinks they are in competition of the bike ride.

Kim - we think that because our organization pays the death benefit whether you are a membership or not. We all think because we are doing our good things, we are expecting a friendly response from state and DPS management. They have their own agenda and it doesn't include us. They aren't actively trying to put us out of business, but we don't have much support. Ted I can sense from other organizations DPSOA doesn't like our group

James - how do we get more people into the membership.

Kim - do people know you can belong to every association. We don't have a friendly recruiting environment from DPS right now.

Mark - one time we sent a magazine to every office, and response was negative to that, and didn't understand that.

kim - We sent to all offices to have it be a positive thing.

Ted - Every organization is known for something. DPSOA - golf/convention, TSTA - write all your concerns and sit in bar and drink. For us, they might have something negative.

Kim - We aren't competitive with other organizations. Everything should be supportive as the others.

James - every trooper needs help. have we thought about sending out postcards to all the troopers.

Mark - hard part is you can't get the addresses for the troopers. We can send to the offices.

Lane - 10 to 15 years ago we had home addresses. I don't know the details but my understanding that all associations were getting a request from AG's office. Whether the department is visiting with the AG. Director would be happy if all associations closed up tomorrow. You probably would know better why director is against the other organizations. Because closeness to governor he feels like there won't be problems with budget.

Kim - previous DPS director hooked up with 100 club. It was Thomas Davis Jr.

Lane - DPS Museum, anything going on with that?

Kim - letter two months ago from Valerie Fulmer negative about associations. We are seeing a stepped up negativeness toward associations. Employer needs to be careful how negative they are to other associations. Troopers have a right to belong and support the organizations for whatever reason they want to. We don't have an attorney to representative troopers. Valerie specifically talked about commission list. A lot of the negativeness might be commission itself. I want you (James) to be aware that they are not being supportive.

Ted - I've seen DPSOA provide legal assistance on behalf of wrong doing.

Kim - Who is to say that our benefits are not confrontational, so their whole attitude is negative to all organizations at the moment.

Lane - Magazine makes 60-70,000 calls a year. THPA makes over a million calls.



Ted - DPSOA asks a lot of questions when I go in there.

Kim - we have no dealings with other organizations.

James - main concern that we take care of a problem and we do that. DPSOA has negative from CID guys.

Fred - CID off duty and not being able to work off duty and wear the uniform.

Kim - misleading for us is how does DPS have ability to take care of a trooper with no death benefits? Individual needs is where the Association steps in. It's a conflict of interest from their standpoint.

## Magazine Division Report

Tim Tierney

Ted - Thank you for the magazine

Fred - Last picture on cover was missing the person's name.

Mark - Like how we technical part, roll park, people part.

Fred - trooper in SA class of 1970, in great shape Would be a good story.

James - Employees recently aren't looking beyond retirement, and are looking at the negative. If they talk to the people that have been there a while, they would be an expert to talk to the younger troopers.

Fred - Wellness section in the magazine would be good, tips for workouts, or food ideas, menu

Gregg - most people go out to eat at work and you can't eat real healthy.

Fred - started packing my own food, saves money and could eat healthy.

James - Called Eric the other day about getting information about the bike ride in next issue.

New article for next issue.

## Museum Operations Update

Lane Denton

Lane - New person at museum Robert Werzbach. City is considering to ask for non-profits for a part of their taxes. Nothing major has changed. Exhibits we have some new cabinets. Robert Bernard is in position of a car from Tommy Taylor. 1958 Ford custom. We just finished a 3-4 phase getting the mustang running. Eventually permanent displays in museum. It's the exact replica of the car used back in 58.

Kim - we probably want board to authorize to make loans of our stuff to other museums. Hard to say we don't support them when we offer them display stuff.

Lane - dps museum crowd is retired directors or colonel.

## Bike Ride Update

James Colunga

12 riders and last year 27 Hope to drop our prices, so we will double the riders. Director wants to create a disability fund for all employees. Start a state fund similar to 100 club. Last two years have raised over \$30,000. We are waiting for the director to give us some money for the ride. You get 4 hours (33 mile ride) of administrative leave. Trying to get more time, leaving Waxahachie from trooper's memorial there. Will get media to follow our ride to open participation from Austin troopers.

New Information:

Next meeting options?

Riodoso? Inn of mountain gods Fly to El paso and drive 1 1/2 hour drive

Lane - the Austin office is paid for no mortgage for Austin or Museum in SA.

Kim - Loomis is a good tenant bringing in \$7000 a month. has paid off the debt of the association.

Lane - there will be a merger at some point and we will lose that tenant.

Fred - can we allocate a percentage of that rent to the expansion of the museum.

Lane - worst thing that could happen to the association is if 6 troopers all killed in line of duty. \$60,000 due. one year we had five troopers killed in the line of duty. We have \$130,000 saved for death benefit fund at this time.

Mark - motion to approve all actions of the board, and staff of all three entities since our last meeting. James second, all in favor. I personally have time for evenings.

Mark - closing meeting at 10:52

In attendance Kim Brown, Lane Denton, Mark Lockridge, CR Villalva, Gregg Greer, James Colunga, Ted Riojas, Fred Riojas, Tim Tierney.

**UNANIMOUS CONSENT OF SHAREHOLDERS OF THPA SERVICES, Inc.**

On this the 22<sup>nd</sup> day of February, 2012 came on for consideration the transfer of all of the assets and liabilities of THPA Services, Inc. a for profit corporation organized under the laws of the District of Columbia (hereinafter "Services") pursuant to Articles of Incorporation dated May 25, 1994. This proposed transfer is to be made to the Receiver appointed by the Probate Court of Travis County, Texas, in Cause Number C-1-pb-11-002018.

This action is taken pursuant to Section 29-305.04 of the District of Columbia Code which provides for the unanimous consent of all of the shareholders of a corporation for any action which could be taken at a regular or special meeting of the shareholders, duly convened, for any proper conducting of the business of the corporation.

It further appears that the Texas Highway Patrol Association, a Texas Corporation, (the "Association") is the owner of one hundred percent (100%) of the voting stock of Services, according to the 2008 Federal Tax Return on form Number 1120 filed by Services with the Internal Revenue Services. Mr. Gregg Greer, a resident of Harrison County, Texas, is the duly elected President of the Association, and a corporate resolution of the Association, duly authorizing the voting of all shares held by the Association by President Greer, is being filed concurrently herewith the official records of Services, and delivery of such resolution, along with a copy of this Unanimous Written Consent of Shareholders, shall be filed with the records at the corporation's principal office, at 501 Oakland Avenue, Austin, Texas 78703, as required by Section 29-305.04 (i) of the District of Columbia Code, as well as with the Receiver in the civil action identified above.

Based upon the foregoing, and upon the finding that the transfer of one hundred percent (100%) of the assets and liabilities of the Services to the Receiver, Karl G. Johnson, Jr., of Austin, Texas, in order that he may take the appropriate action necessary to collect all of the assets, discharge all appropriate liabilities, and to pay any remaining balances to the Association, which hereby assigns such remaining balances, if any, to the Receiver, all of which are subject to the approval of the Court in the referenced proceedings in Austin, Texas, it is accordingly,

**RESOLVED**, all of the assets and liabilities of Texas Highway Patrol Services, Inc. are hereby transferred to the Receiver in the referenced legal proceedings, being Mr. Karl G. Johnson, Jr., of Austin, Texas, all to be utilized for the payment of all legitimate debts of Services, and to be administered in accordance with the rulings of the Court in such proceedings.

This consent is signed by the President of the Association, which is the owner of one hundred percent (100 %) of the voting stock of THPA Services, Inc.

Done and Entered on this the 22<sup>nd</sup> day of February, 2012.

Texas Highway Patrol Association

Gregg Greer  
Gregg Greer, President



**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE  
TEXAS HIGHWAY PATROL ASSOCIATION HALL OF FAME MUSEUM, INC.,  
February 22<sup>nd</sup>, 2012**

Pursuant to notice mailed to the members of the Board of Directors of the Museum (the "Board"), a special meeting of the Board was held on February 22, 2012, at 1100 Guadalupe Street, Austin, Texas. The meeting convened at 10:00 a.m., and the following business was conducted. Gregg Greer was designated as Secretary for the meeting.

The President, Mr. Mark Lockridge, declared a quorum present, being all of the members of the Board of Directors including Ted Riojas, Fred Riojas, Gregg Greer, Robert Bernard, Jr. and the President, Mark Lockridge. Mr. James Colunga, as a guest, and attorneys Roy Minton, David Minton and Richard Anderson were also in attendance.

As the Board last met on May 14, 2011, minutes of the meeting were circulated to the members. It was explained that this was the first time that minutes of the prior meeting had been circulated to the Board at a subsequent meeting. The attorney, David Minton, explained that the minutes had been obtained by the Attorney General in connection with a Civil Investigative Demand served on Tim Tierney, Executive Director, of which the Board was unaware until being served with process in the State Court Proceedings, identified below. The members of the Board, upon motion by Mark Lockridge and seconded by Robert Bernard, Jr., it was unanimously

**RESOLVED** to accept the minutes of May 14, 2011, but not to approve them due to the gross inaccuracies contained therein.

President Lockridge called upon the attorneys for the individual directors, being Messrs. Roy Minton, David Minton, and Richard Anderson to brief the Board upon the status of the pending litigation commenced by the Attorney General on December 14, 2011.

The attorneys explained that the Original Petition and First Amended Petition, the latter being received on February 2, 2012, alleged negligence and breach of fiduciary duty by the Directors, and alleged numerous acts of deception and self-dealing by Tierney, Denton, Jenkins and Villalva. Each member of the Board expressed their surprise and lack of awareness of the salaries, "benefit" packages, allegations of deceptive solicitation and the other allegations of the petitions filed by the Attorney General. It was also explained that the Court had appointed a receiver, and that temporary orders had been issued by the Court prohibiting the transfer of any assets of the corporation, and essentially, a "freeze" on the corporate assets of the Association, Services and the Museum is in effect until further order of the Court.

Mr. Minton explained that the insurance carrier for the directors' and officers' liability insurance had been contacted, and the costs of defense and coverage were demanded on behalf of the members of the Board. He further explained that the carrier, United States Liability Insurance Company, had denied coverage and defense of the lawsuit at the

present time. The issue of "coverage" was still unresolved, and the insurance carrier had filed suit in the United States District Court for the Western District of Texas, Austin Division, on February 3, 2012. (the "Federal Court Action").

Following discussion, it was upon motion by Mark Lockridge, and seconded by Gregg Greer, unanimously

1. **RESOLVED**, to ratify the demand of the coverage and the defense in the State Court proceeding, as well as any related litigation such as the Federal Court Action, to United States Liability Insurance Company, and to instruct the attorneys to continue to demand such costs of defense and the defense of the directors in the event of any amendments to existing litigation as well as any subsequent litigation or administrative proceedings.

Following discussion among the Directors, general agreement was reached that certain of the officers and employees of the Museum, specifically Messrs. Denton, Tierney and Villalva, had engaged in a pattern of self-dealing, paying themselves inflated salaries and benefits without disclosing any of this information to the Board of Directors, or any of the other wrongful acts engaged in by these defendants, or other employees of the Museum. It was, upon motion by Mark Lockridge and seconded by Robert Bernard, Jr., unanimously

2. **RESOLVED**, that Tim Tierney's employment as Secretary/Treasurer and Executive Director of the Museum, be terminated immediately; that Lane Denton, an employee of the Museum, be terminated immediately; that Ruben Villalva, Jr, Director of Marketing for the Museum and Steven Jenkins, Director of Advertising Sales also be terminated immediately.

Following additional discussion as to the attorney for the Museum, Mr. Kim Brown, it was noted that while he did not appear at all of the Board meetings, when he did appear, such as in May of 2011, he assured all of the directors that "things were smooth" and that there were no problems or legal issues concerning the Association or the Museum, when he knew, or should have known, that the contrary was true, as well as the fact that the Board members had never been briefed on their duties as directors nor been provided with a copy of the bylaws, it was upon motion by Mark Lockridge, seconded by Robert Bernard, Jr., unanimously

3. **RESOLVED**, that the legal representation of Mr. Kim Brown for the Museum be terminated immediately. The attorneys are also directed to continue to investigate potential claims against Mr. Brown for malpractice due to his inadequate legal representation of the members of the Board of Directors, past and present. In the event that the attorneys reasonably believe that litigation is warranted, they are authorized to institute such proceedings as they believe are necessary and proper.

Discussion turned to the matter of any continued solicitation of funds from the general public or otherwise, by any of the officers or employees of the Museum, for or on behalf

of the Museum, or the Texas Highway Patrol Association or Texas Highway Patrol Association, Services, Inc. While it appears that the temporary orders issued by the Court may, or should have resulted in the dis-continuation of such activities, the Board of Directors wishes to go on record as to having ordered the immediate cessation of such activities, it was, upon motion by Mark Lockridge, seconded by Robert Bernard, Jr., unanimously

4. **RESOLVED**, that any fund solicitation of the general public or otherwise of contributions to either the Museum, the Association or Services immediately cease and desist, and that no officer or employee will be paid or entitled to be paid from the proceeds of any solicitation or otherwise.

Last, with respect to the legal proceedings, the President requested that the attorneys suggest a recommended course of action with respect to the operations of the Museum. Mr. Minton explained that Mr. Anderson had been the architect of the strategy and asked him to address the Board. Mr. Anderson explained that the Board had the authority to transfer the assets of the Museum, subject to the approval of the Court, since there were no members with voting rights of the Museum. This proposal had been made to the Attorney General and the attorney for the Receiver, who had both indicated their approval of the proposed course of action. It was explained that all of the corporation's liabilities and obligations would have to be satisfied, that any "conditional gifts" which had been received must be returned, in accordance with the Amended Articles of Incorporation, and that then the Museum's assets could be transferred to a qualified entity pursuant to Section 22.304 of the Business Organization Code.

The Receiver has stated that he would accept transfer of the assets, and that following the payment of the debts and obligations of the museum, as well as the return of any conditional gifts, that the assets would be, subject to Court approval, transferred to a 501(c)(3) corporation(s), organized under the Texas Business Organization Code, with the Court to order the distribution in the manner that the "Court determines will best accomplish the general purposes for which the Museum was organized." This transfer would be without prejudice as to any rights of indemnification provided for in the Amended Articles of Incorporation of the Museum, or any statutory or common law rights to indemnification which the Directors may have, in the event that it is determined that the Directors and Officers insurance policy of United States Liability Insurance Company, which insures the directors, does not provide coverage for the alleged misconduct of the members of the Board of Directors. Following discussion, it was upon motion by Mark Lockridge, second by Gregg Greer, unanimously

5. **RESOLVED**, to authorize the transfer of the assets of the Museum, including any demand deposits accounts, savings accounts, accounts receivable, real property or personal property of any kind or description, subject to the payment of any liabilities thereon, to the Receiver, Karl Johnson, of Austin, Texas, subject to Court approval, for the winding up of the affairs of the Museum consistent with the foregoing provisions. The President is authorized to execute such documents as are necessary

and appropriate to accomplish these transactions. This transfer shall be without prejudice to any rights of indemnification which the directors, or Mr. Colunga, may have pursuant to the statutory or common law in the State of Texas.

Following discussion, it was upon motion by Gregg Greer and seconded by Ted to accept the resignation of James Colunga, effective November 12, 2011, the Board unanimously

6. **RESOLVED** to accept the resignation of James Colunga effective November 12, 2011.

There being no further business to come before the Board, the meeting was adjourned.

Executed as of this the 22<sup>nd</sup> day of February, 2012, at Austin, Texas.

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Mark Lockridge, President

Gregg Greer  
ATTEST: Gregg Greer, Secretary

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE  
TEXAS HIGHWAY PATROL ASSOCIATION, INC.**

**February 22<sup>nd</sup>, 2012**

Pursuant to notice mailed to the members of the Board of Directors of the Texas Highway Patrol Association, Inc. (the "Association"), a special meeting of the Board of Directors (the "Board") was held on February 22, 2012, at 1100 Guadalupe Street, Austin, Texas. The meeting convened at 11:30 a.m., and the following business was conducted.

The President, Mr. Gregg Greer, declared a quorum present, being all of the members of the Board of Directors including Ted Riojas, Fred Riojas, Mark Lockridge, Robert Bernard, Jr. and the President, Gregg Greer. Mr. James Colunga and attorneys Roy Minton, David Minton and Richard Anderson were also in attendance. Mr. Robert Bernard, Jr. was designated to be Secretary for the meeting.

As the Board last met on May 14, 2011, minutes of the meeting were circulated to the members. It was explained that this was the first time that minutes of a prior meeting had been circulated to the Board at a subsequent meeting. The attorney, David Minton, explained that the minutes had been obtained by the Attorney General in connection with a Civil Investigative Demand served on Tim Tierney, Executive Director, of which the Board was unaware until being served with process in the State Court Proceedings, identified below. The members of the Board, upon motion by Gregg Greer and seconded by Robert Bernard, Jr., it was unanimously

1. **RESOLVED** to accept the minutes of May 14, 2011, but not to approve them due to the gross inaccuracies contained therein.

President Greer called upon the attorneys for the individual directors, being Messrs. David Minton and Richard Anderson to brief the Board upon the status of the pending litigation commenced by the Attorney General on December 14, 2011, in the Probate Court for Travis County, Texas, in Cause Number C-1-PB-11-002018 (the "State Court Proceedings").

The attorneys explained that the Original Petition and First Amended Petition, the latter being received on February 2, 2012, alleged negligence and breach of fiduciary duty by the Directors, and alleged numerous acts of deception and self-dealing by Tierney, Denton, Jenkins and Villaba. Each member of the Board expressed their surprise and lack of awareness of the salaries, "benefit" packages, allegations of deceptive solicitation and the other allegations of the petitions filed by the Attorney General, as none of these matters had ever been presented, or made known to the Board of Directors. It was also explained that the Court had appointed a receiver, and that temporary orders had been issued by the Court prohibiting the transfer of any assets of the corporation, and essentially, a "freeze" on the corporate assets of the Association, THP Services, Inc.



("Services") and the Texas Highway Patrol Association Hall of Fame and Museum ("Museum") is in effect until further order of the Court, or unless agreed to otherwise by the involved parties.

Mr. Minton explained that the insurance carrier for the directors' and officers' liability insurance had been contacted, and the defense and coverage were demanded of the insurance carrier on behalf of the members of the Board. He further explained that the carrier, United States Liability Insurance Company, had denied coverage and defense of the lawsuit at the present time. The issue of "coverage" was still unresolved, and the insurance carrier had filed suit in the United States District Court for the Western District of Texas, Austin Division, on February 3, 2012. This proceeding is in the nature of a declaratory judgment action against the directors and others seeking a determination by the insurance carrier that it is not liable under the policy. (the "Federal Court Action").

Following discussion, it was upon motion by Gregg Greer, and second by Fred Riojas, unanimously

2. **RESOLVED**, to ratify the demand for the defense and coverage in the State Court proceeding, as well as any related litigation, including the Federal Court Action, to United States Liability Insurance Company, and to instruct the attorneys to continue to demand the defense and coverage of the directors in the State Court Action and the Federal Court Action, and in the event of any amendments to existing litigation as well as any subsequent litigation or administrative proceedings, to continue to demand the defense and coverage by the insurance carrier in such actions.

Further **RESOLVED** to agree to extend the Amended and Extended Temporary Restraining Order in the State Court proceedings for a period of ninety (90) days. Each individual was polled and agreed to this action in their individual capacities as well.

Following discussion among the Directors, general agreement was reached that certain of the officers and employees of the Association, specifically Messrs. Denton, Tierney and Villaba, had engaged in a pattern of self-dealing, paying themselves inflated salaries and benefits without disclosing any of this information to the Board of Directors, or any of the other wrongful acts engaged in by these defendants, or other employees of the Association, as alleged in the State Court Action. It was, upon motion by Gregg Greer, and seconded by Mark Lockridge, unanimously

3. **RESOLVED**, that Tim Tierney's employment as Secretary/Treasurer and Executive Director of the Association, be terminated immediately; that Lane Denton, a possible employee of the Association, be terminated immediately; that Ruben Villalva, Jr. and Steven Jenkins, possible employees of the Association also be terminated immediately. Written notification of such action is to be delivered to the individuals at their last known address.

Following additional discussion as to the attorney for the Museum and possibly the Association, Mr. Kim Brown, it was noted that while he did not appear at all of the Board meetings, when he did appear, such as in May of 2011, he assured all of the directors that "things were smooth" and that there were no problems or legal issues concerning the Association or the Association, when he knew, or should have known, that the contrary was true, as well as the fact that the Board members had never been briefed on their duties as directors nor been provided with a copy of the bylaws, it was upon motion by Gregg Greer, seconded by Robert Bernard, Jr, unanimously

4. **RESOLVED**, that the legal representation of Mr. Kim Brown for the Museum and possibly the Association be terminated immediately. The attorneys are also directed to continue to investigate potential claims against Mr. Brown for malpractice due to his inadequate legal representation of the members of the Board of Directors, past and present. In the event that the attorneys reasonably believe that litigation is warranted, they are authorized to institute such proceedings on behalf of the members of the Board of Directors as they believe are necessary and proper.

Discussion turned to the matter of any continued solicitation of funds from the general public or otherwise, by any of the officers or employees of the Association, for or on behalf of the Association, or the Texas Highway Patrol Association or Texas Highway Patrol Association, Services, Inc. While it appears that the temporary orders issued by the Court may, or should have resulted in the dis-continuation of such activities, the Board of Directors wishes to go on record as to having ordered the immediate cessation of such activities, it was, upon motion by Gregg Greer, seconded by Ted Riojas, unanimously

5. **RESOLVED**, that any fund solicitation of the general public or otherwise of contributions to either the Association, the Museum or Services immediately cease and desist, and that no officers or employees will be paid or entitled to be paid from the proceeds of any solicitation or otherwise.

The attorneys then explained that according to the filing of Services corporate income tax return on IRS Form 1120 that the Association was the owner of one hundred percent (100%) of the voting stock of THP Services, Inc., a Washington, D.C., for profit corporation. In keeping with the Board of Directors decision to see that the purposes for which the Association and Museum were created were, in fact fulfilled, it was upon

Motion by Gregg Greer, seconded by Ted Riojas, unanimously

6. **RESOLVED**, that the President of the Association, Mr. Gregg Greer, be authorized and directed to cast all of the shares held by the Association in Services in favor of a Unanimous Written Consent of Shareholders to transfer all of the assets and liabilities of Services, to the Receiver, Mr. Karl Johnson, of Austin, Texas, subject to Court approval for the winding up of the affairs of Services and the payment of all of the debts and obligations of Services, and the subsequent transfer of any remaining assets as ordered by the Court in the State Court Action to an organization(s) that the Court determines would best accomplish the general purposes for which the Association

was organized. This transfer will be without prejudice to any statutory, common law rights or rights contained in the governing documents of Association, including without limitation, the Bylaws of indemnification which the Directors, or Mr. James Colunga, a former director, may have against the Association.

Discussion then turned to indemnification of the Directors provided for in the Bylaws, and it appearing that neither 9.01 (E) (1) or 9.01 (E) (2) was applicable as the individual directors are named party defendants in the State Court and Federal Court Action. Following a discussion with the attorneys, a motion was made by Gregg Greer and seconded by Robert Bernard, Jr, it was unanimously

**7. RESOLVED** that Patrick Keel, or other suitable counsel be selected as Special Legal Counsel in order to determine whether the Directors or Mr. James Colunga conducted themselves in good faith and reasonable believed that their conduct was in the corporation's best interest or at least not opposed to the corporation's best interest, and such other findings as may be required to provide for the indemnification of the members of the Board of Directors, including Mr. Colunga, by the Association

**RESOLVED** further, that Special Legal Counsel shall, upon finding in the affirmative to the requirements of the foregoing paragraph as to any or all of the Directors, or Mr. James Colunga, shall provide to the Receiver a schedule of reasonable hourly rates for the attorneys retained to represent them, as well as reasonable expenses, for past and future legal fees reasonably incurred in their defense.

The President requested that the attorneys suggest a recommended course of action with respect to the operations of the Association. Mr. Minton explained that Mr. Anderson had been the architect of the strategy and asked him to address the Board. Mr. Anderson explained that the Board had the authority to transfer the assets of the Association, subject to the approval of the Court, since there were no members with voting rights of the Association. This proposal had been made to the Attorney General and the attorney for the Receiver, who had both indicated their approval of the proposed course of action. It was explained that all of the corporation's liabilities and obligations would have to be satisfied, that any "conditional gifts" which had been received must be returned, in accordance with the Amended Articles of Incorporation, and that then the Association's assets could be transferred to a qualified entity pursuant to Section 22.304 of the Business Organization Code.

The Receiver has stated that he would accept transfer of the assets, and that following the payment of the debts and obligations of the Association, as well as the return of any conditional gifts, that the assets would be, subject to Court approval, transferred to a 501(c)(3) corporation(s), organized under the Texas Business Organization Code, with the Court to order the distribution in the manner that the "Court determines will best accomplish the general purposes for which the Association was organized." This transfer would be without prejudice as to any rights of indemnification provided for in the

Articles of Incorporation of the Association, or any statutory or common law rights to indemnification which the Directors may have, in the event that it is determined that the error and omissions insurance policy of United States Liability Insurance Company, which insures the directors, does not provide coverage for the alleged misconduct of the members of the Board of Directors.

Following discussion, it was upon motion by Gregg Greer, second by Ted Riojas, unanimously

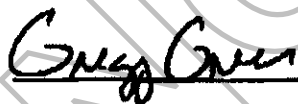
8. **RESOLVED**, to authorize the transfer of the assets of the Association, including any demand deposits accounts, savings accounts, accounts receivable, real property or personal property of any kind or description, subject to the payment of any liabilities thereon, to the Receiver, Karl Johnson, of Austin, Texas, subject to Court approval, for the winding up of the affairs of the Association consistent with the foregoing provisions. The President is authorized to execute such documents as are necessary and appropriate to accomplish these transactions. This transfer shall be without prejudice to any rights of indemnification which the directors, or Mr. Colunga, may have pursuant to the statutory, common law or rights contained in the governing documents of the Association, including without limitation, the Bylaws of the Association, of the State of Texas.

Following discussion, it was upon motion by Gregg Greer and seconded by Ted to accept the resignation of James Colunga, effective November 12, 2011, the Board unanimously

9. **RESOLVED** to accept the resignation of James Colunga effective November 12, 2011.

There being no further business to come before the Board, the meeting was adjourned.

Executed as of this the 22<sup>nd</sup> day of February, 2012, at Austin, Texas.



Gregg Greer, President

ATTEST: Robert Bernard, Jr.

Secretary for the meeting

Articles of Incorporation of the Association, or any statutory or common law rights to indemnification which the Directors may have, in the event that it is determined that the error and omissions insurance policy of United States Liability Insurance Company, which insures the directors, does not provide coverage for the alleged misconduct of the members of the Board of Directors.

Following discussion, it was upon motion by Gregg Greer, second by Ted Riojas, unanimously

8. **RESOLVED**, to authorize the transfer of the assets of the Association, including any demand deposits accounts, savings accounts, accounts receivable, real property or personal property of any kind or description, subject to the payment of any liabilities thereon, to the Receiver, Karl Johnson, of Austin, Texas, subject to Court approval, for the winding up of the affairs of the Association consistent with the foregoing provisions. The President is authorized to execute such documents as are necessary and appropriate to accomplish these transactions. This transfer shall be without prejudice to any rights of indemnification which the directors, or Mr. Colunga, may have pursuant to the statutory, common law or rights contained in the governing documents of the Association, including without limitation, the Bylaws of the Association, of the State of Texas.

Following discussion, it was upon motion by Gregg Greer and seconded by Ted to accept the resignation of James Colunga, effective November 12, 2011, the Board unanimously

9. **RESOLVED** to accept the resignation of James Colunga effective November 12, 2011.

There being no further business to come before the Board, the meeting was adjourned.

Executed as of this the 22<sup>nd</sup> day of February, 2012, at Austin, Texas.

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Gregg Greer, President

  
ATTEST: Robert Bernard, Jr.

Secretary for the meeting

and appropriate to accomplish these transactions. This transfer shall be without prejudice to any rights of indemnification which the directors, or Mr. Cohunga, may have pursuant to the statutory or common law in the State of Texas.

Following discussion, it was upon motion by Gregg Greer and seconded by Ted to accept the resignation of James Cohunga, effective November 12, 2011, the Board unanimously

6. **RESOLVED** to accept the resignation of James Cohunga effective November 12, 2011.

There being no further business to come before the Board, the meeting was adjourned.

Executed as of this the 22<sup>nd</sup> day of February, 2012, at Austin, Texas.

  
Mark Lockridge, President

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ATTEST: Gregg Greer, Secretary